An Post Annual Report

'08

Contents

For further information on An Post, visit our website: www.anpost.ie
The An Post Annual Report is also available in Irish.

Our Mission

To provide world class postal, distribution and financial services with unrivalled local community access and global connections.

Our Vision

Working together as a united team, our ambition is to out perform the new competition we face, delivering a better quality service, more efficiently, to more customers by continuously adapting, innovating and implementing change.

Our Values

Innovative, Change-able Organisation

We demonstrate a high 'capacity to change', adapting quickly to external threats and opportunities, executing strategies and securing the intended outcomes of negotiated changes on time.

Respected Corporate Citizen

We enjoy a reputation among all stakeholders as a respected corporate citizen, involved in the community and environmentally responsible.

Satisfied, Well-led, Engaged, Responsible Staff

We are a team of energised, well-led, responsible people, treated with respect, provided with good opportunities and committed to a performance culture and personal responsibility.

Commercially Successful

We are a growing, commercially successful business, providing returns to fund investment growth, reward our employees and meet shareholder expectations.

Cost Competitive Efficient Operations

We run an efficient, cost competitive organisation with streamlined processes and optimal use of technology, that fully support our business objectives and customer needs.

Board of Directors and Corporate Information

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1. John Fitzgerald
F.C.C.A.
Chairman – 2,3
Age 62
Appointed 1 March, 2008
Mr. Fitzgerald has spent most of his career working in local government, serving in several senior positions, including that of Dublin City Manager from 1996 until 2006. Currently, he is Chairman of the Grangegorman Development Agency and of the two Regeneration Agencies set up in Limerick following his report to Government on problems of social exclusion in that city. He is also vice Chairman of InterTradeIreland, the all island trade and business development body.

2. Patrick Compton
Employee Director
Age 52
Appointed 1 November, 2008; fifth term
Mr. Compton has worked in the postal service for the past thirty five years and his current position is that of Partnership Co-ordinator, based in Roscommon. He was a member of the national executive of the Communications Workers Union for twenty two years and its president in 1986. He is active in community development in his local area and he is a member of Arigna Leader Board and Roscommon County Development Board. He is a director of The Prize Bond Company Limited.

3. Jerry Condon
Employee Director – 2
Age 55
Appointed 1 November, 2008; fourth term
Mr. Condon commenced work in 1971 with the Department of Posts and Telegraphs and has worked as a Post Office Clerk for his entire career. He has been an active member of the Communications Workers Union throughout his career and he served on the national executive of that union for thirteen years.

4. Donal Connell
C.Eng., F.I.E.I., B.E.
Director – 2, 3
Age 55
Appointed 14 August, 2006
Mr. Connell was appointed as Chief Executive on 14 August 2006. He began his career in the Department of Post and Telegraphs and has held senior management positions in Unitrode Ireland, 3Com Ireland and Maxtor Ireland where he was General Manager prior to joining An Post. He is a non-executive director of Xilinx Corporation's European Board and of Postbank Ireland Limited. He is also Chairman of An Post National Lottery Company.

5. Anne Connolly
B.A., M.B.A.
Director – 2
Age 55
Appointed 23 November, 2007
Ms. Connolly is currently working as Director of the Ageing Well Network. She is also a director of Anne Connolly Consulting Limited, a strategic management consultancy company. Prior to forming this company, she worked as strategy manager with Kingspan plc and, before that, at senior management level in the public and not-for-profit sectors. She has previously been on the boards of ICC Bank plc and APSO and she was chairperson of the Federation of Simon Communities in Ireland.

6. Paddy Costello
Employee Director
Age 60
Appointed 1 November, 2008
Mr. Costello joined the Post Office as a Junior Postperson in 1964. He became a Postperson in 1966 and he has been employed in the Finglas Delivery Office, Dublin 11 for the last forty two years. Throughout his employment, he has represented members of the Communications Workers Union at Delivery Offices in Dublin. He has held various branch officer positions and he is currently serving as the Treasurer of the Dublin Postal Delivery Branch.

7. Patrick Davoren
Employee Director
Age 59
Appointed 1 November, 2008; fifth term
Mr. Davoren commenced work in 1965 with the Department of Posts and Telegraphs and has worked as a Post Office Clerk for his entire career. He has been an active member of the Communications Workers Union throughout his career. He was a local branch treasurer for twenty years and he served on the national executive of the union for two years.

8. Louise English
B.Comm., F.C.A.
Director – 1, 2
Age 46
Appointed 1 June, 2005
An accountant by profession, Ms. English began her career with PriceWaterhouse and then joined IBI Corporate Finance. She held a number of positions there, including Director of Mergers & Acquisitions. A member of the Institute of Directors, she has served on the Boards of a number of public and private Irish companies including Bord na Móna plc and Sherry Fitzgerald plc. She is currently chairperson of Capital Radio Productions Limited (FM104) and a non-executive director of St. Vincent's Healthcare Group Limited.

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9. Ciara Hurley
B.B.S., M.B.S. (Banking & Finance), M.S.I.
Director – 1
Age 43
Appointed 3 April, 2006
Ms. Hurley is a Vice President at Citi Quilter. She has over nineteen years experience in wealth management. She previously worked with Goodbody Stockbrokers as a Senior Portfolio Manager and with Merrill Lynch International Bank Limited as Investment Director. She is a member of the Securities & Investment Institute (Ireland) and also of the Institute of Directors.

10. James Hyland, B.Comm
F.C.A., F.C.I.S., M.C.I.Arb., M.E.W.I.
Director – 1
Age 73
Appointed 11 December, 2008; second term
Mr. Hyland, a chartered accountant, is former Deputy Chief Executive of Golden Vale Group and was Group Chief Executive of Youghal Carpets plc. He is Managing Director of James Hyland & Company, Forensic Accountants, and a partner of Hyland Johnson Murray, Chartered Accountants. He is Chairman or director of a number of other companies including An Post National Lottery Company.

11. Brian McConnell
B.B.S.
Director
Age 62
Appointed 3 April, 2006
A career banker by profession, Mr. McConnell has comprehensive experience in the Financial Services Sector. He has served as Chief Executive of Permanent tsb and Ulster Investment Bank (Corporate Banking / Finance). Now retired, he has held directorships in several financial institutions including Irish Life and Permanent Plc and Ulster Bank Limited. He is a director of Postbank Ireland Limited and of a number of AXA Group companies.

12. Gerry O'Toole
Employee Director – 2
Age 46
Appointed 1 November, 2008
Mr. O'Toole started work in the Department of Posts and Telegraphs in 1980 as a Junior Postman and the following year he was appointed as a Postperson. In 1989, he was promoted to the position of Clerical Officer and worked in the Financial Services area until 1998 when he moved to the IT Unit where he is currently a Technical Support Specialist in IT Network Support. He has served on a number of branch committees for different unions over the years.

13. John Quinlivan
B.Sc. (Mgt. & Law), M.Sc. (Spatial Planning), Dip. in Public Admin.
Director – 3
Age 70
Appointed 24 June, 2008; second term
Mr. Quinlivan has had a lengthy career in local government, serving in senior positions in nine counties, including fifteen years as Louth County Manager. He served for five years as a member of the National Roads Authority and he also served as a member of the Local Government Management Services Board and the Local Government Computer Services Board and An Comhairle.

14. Alan Sloane
Postmaster Director
Age 51
Appointed 1 January, 2007; third term
Mr. Sloane has worked in the family grocery and post office business since 1976. He was appointed postmaster of Loch Gowna post office, Co. Cavan in 1979. He is also Managing Director of J.A.S. Limited, a security counter and furniture manufacturing business, which he established in 1985.

15. Catherine Woods
B.A. (Econ)
Director – 3
Age 46
Appointed 4 February, 2008
Ms. Woods has spent most of her career in London, concentrating on the financial sector. She has extensive experience of mergers and acquisitions and stockbroking from her seventeen years with JP Morgan as a Vice President. Her mandates included the recapitalisation of Lloyds' of London Insurance market and the re-privatisation of Scandinavian banks. Since her return to Ireland, she has served on the Electronic Communications Appeals Panel from 2004 to 2007, opining on appeals against decisions made by ComReg.

Secretary
Michael Tyndall

Registered Office
General Post Office
O'Connell Street
Dublin 1

Auditor
KPMG, Chartered Accountants

Bankers
Bank of Ireland

Solicitors
Matheson Ormsby Prentice

Key to Board Committees
1. Audit and Security
2. Personnel
3. Remuneration

In 2008, we achieved an operating profit equal to 3.7% of turnover, in the main through focused and successful cost control in every aspect of the business. Turnover from continuing operations, at €850m, was down €26m on 2007. This decline arose mainly from the downward pressure on mail volumes and the contribution from mail associated with the General Election of that year.

2008 was one of two distinct halves for An Post. Mail volumes and revenue showed good growth in the first half but this trend was reversed in the second six months as the economic climate deteriorated.

The experience in our retail business was quite different. While the first half performance was in line with budget, second half revenue and transaction volumes rose significantly. This was due to increased numbers of Social Welfare recipients collecting benefits at post offices and the increased attractiveness of savings products and schemes operated by An Post on behalf of the National Treasury Management Agency. In addition, Postbank enjoyed further positive development during the year. The growing strength of the brand and an increase in the range of products on offer resulted in many more people seeking to do business with An Post.

Preparation for a new reality

The Irish postal market will open up to full competition in early 2011. One of our main business objectives is to ensure that the Company is well prepared for this event. I am pleased to report that, as the day draws closer, considerable progress was achieved during 2008. An Post's Transformation Programme currently comprises a portfolio of strategic projects and as these are completed, they are replaced by new ones, a process which ensures that all aspects of preparatory change are addressed, with initial focus on those of the greatest priority.

Customer Service Improvements

Our customers are at the heart of this Transformation Programme. Reflecting this, the priority of management in 2008 was to achieve sustainable improvement in the quality of mail delivery.

The medium term focus is on achieving our target of 94% next-day domestic delivery, agreed with the postal service Regulator, ComReg. Sustainable improvements were achieved during 2008 and the initiatives undertaken last year are expected to result in further improvement in 2009.

Delivering Through People

Building organisational capability and employee commitment are key pre-requisites to achieving the planned transformation of An Post.

In preparing for market liberalisation, we depend on the active support and participation of all staff. Many of our successes in 2008 are directly connected to programmes focussed on changing work practices, work flows and logistics planning.

During 2008, we invested considerably in initiatives to provide continuing professional development for management at all levels and to improve methods of communicating with a geographically dispersed workforce. As well as demonstrating to staff that they are valued and respected, this ongoing investment is being made on the sound business criteria that staff who understand the challenges facing this business will support the adjustments necessary to compete in a fully liberalised marketplace.

Securing An Post's Future

Worldwide, the postal sector faces an extremely challenging future. The growing substitution of mail by electronic means of communication comes on top of EU market liberalisation and the global economic downturn. At An Post, we have developed a number of strategies to cope with these challenges.

The launch of Postbank in 2007 is an example of this approach. Last year saw considerable expansion in both the geographical reach of Postbank and in its portfolio of services. While we cannot be oblivious to the difficulties currently facing the worldwide banking industry, An Post remains confident that Postbank can and will make a positive contribution to its business, to society and to the economy in general.

During 2008, the Board approved a new strategic direction for An Post's retail network.

This strategy is focused on a sustainable future for our network and includes key elements such as infrastructural investment and the broadening of the range of products and services on offer, all of which will improve the service experience of post office customers across the country.

In recent years, An Post has become increasingly aware of the underlying value of its brand and we have continued our investment in it through operational improvement, fleet procurement, the development of relevant products and services, as well as through advertising and sponsorship.

Immediate Prospects

On behalf of the Board, I would like to thank the management, staff and our postmasters for their loyalty and hard work during 2008. I would also like to thank my colleagues on the Board for their continued commitment. It is extremely satisfying to see their efforts over a number of years beginning to bear fruit and also to acknowledge the roles they have played in preparing the Company for these difficult times.

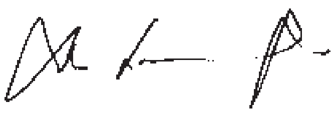
Everyone throughout the organisation has played an important role in improving the Group's performance and the contribution of the Directors, in helping to set the course, has been particularly valuable. I want to thank especially Mr Thomas Devlin and Mr Terry Kelleher, who retired as directors during 2008, each having served for four years. Their contributions are greatly appreciated. I welcome two new Board members, Mr Paddy Costello and Mr Gerry O'Toole. I would like to say a special word of thanks to the Minister for Communications, Energy and Natural Resources, Mr Eamon Ryan, TD, and his officials for their assistance and support throughout the year.

Overall, 2008 is a year on which everyone in An Post can reflect with pride.

Our customers and our shareholder should be assured that the year's many achievements will not lull us into complacency. Far from it, we recognise that we are on the brink of full, open competition in our core letter delivery market.

The bright future we seek can only become a reality if the success of 2008 is consistently repeated and exceeded in the years to come.

In preparing the revenue and expenditure budgets for 2009, we have taken account of these difficult and uncertain economic times and recognise that increased monitoring of financial performance will be essential. However, for An Post there is one certainty – that is the requirement to continue to transform the business into an entity that can remain viable in a competitive market. That task must remain our central focus.



John Fitzgerald
Chairman
19 March, 2009

Management

1. Donal Connell
C.Eng., F.I.E.I., B.E.
Chief Executive
Age 55
Mr. Connell was appointed as Chief Executive on 14 August, 2006. He began his career in the Department of Post and Telegraphs and has held senior management positions in Unitrode Ireland, 3Com Ireland and Maxtor Ireland where he was General Manager prior to joining An Post. He is a non-executive director of Xilinx Corporation European Board and of Postbank Ireland Limited. He is also Chairman of An Post National Lottery Company.

2. John Daly
A.C.M.A., M.Sc.(Mgmt.)
Retail Operations Director
Age 46
Mr. Daly joined An Post in December 1988 having worked previously as a management accountant in FÁS. During the early part of his career with An Post he worked in the Finance division as a management accountant. He then held various senior finance and management positions within the Retail division before being appointed to his current position in October 2006. He is a director of The Prize Bond Company Limited.

3. Jack Dempsey
B.Comm., M.B.A., M.P.A.
Mails Operations Director
Age 58
Mr. Dempsey joined the Post Office in 1968 as an Executive Officer in the Department of Posts and Telegraphs. During his career, he has gained wide experience in all aspects of postal operations and commercial activities, both national and international, occupying a variety of senior management positions across the Company. He was appointed Mails Operations Director in March 2007.

4. Peter Gallagher
B.Sc., M.B.A., M.Inst.D
Director of Strategy and Business Excellence
Age 47
Mr. Gallagher joined An Post in April 2007 as Head of Strategy and Business Excellence. Prior to joining An Post, he had been a Partner in PA Consulting Group's Global Business Transformation Practice where he led major transformational and business operational improvement programmes for private & public sector clients. Previous experience also includes Director of Strategy with KPMG Consulting and Business Operations Manager (UK & Ireland) for Dell Computer Corporation.

5. Pat Knight
M.Sc.(Mgmt.), F.C.I.P.D.
Human Resources Director
Age 54
Mr. Knight joined An Post in March 2004 as Human Resources Director. Previously, he had been General Manager Human Resources at Waterford Crystal, which he joined in 1986. There, he progressed through various senior HR roles both in Ireland and the UK. Previous experience also includes work as a Personnel Officer with Bord na Móna plc. He is a Trustee of the An Post Superannuation Schemes.

6. Brian McCormick
B.E. (Mech.), M.B.A.
Services Director
Age 49
Mr. McCormick joined An Post in May 2002 as Strategy Director and was appointed to his current position of Services Director in October 2003. Prior experience includes CRH plc and Merrion Corporate Finance where he was a Director. He is a Trustee of the An Post Superannuation Schemes.

7. Liam O'Sullivan
Director of Collection & Delivery Change Programmes and Operations
Age 42
Mr. O'Sullivan joined An Post in 1985 as a Post Office Clerk. During his career, he has gained broad experience across the full range of the Company's business. Prior to his appointment as Mail Processing Director in July 2004, he held various senior managerial and project management positions in the Company. He took up his current position in July 2007.

8. Peter Quinn
B.Comm., F.C.A., M.B.A.
Chief Financial Officer
Age 50
Mr. Quinn joined An Post in August 2004 having previously worked and held senior financial and strategic positions in PJ Carroll and Company plc and Monaghan Mushrooms Limited. Earlier in his career, he trained as a chartered accountant and worked in practice with KPMG. He is a director of Postbank Ireland Limited.

9. Liam Sheehan
Sales and Marketing Director
Age 49
Mr. Sheehan joined An Post in 2000 as General Manager Sales & Marketing and he was appointed as Sales & Marketing Director in October 2006. He has extensive experience in the Irish fast moving consumer goods sector and in brand creation, channel management and sales strategy. He previously held senior Sales & Marketing positions in Proctor & Gamble and in Guinness and he was Commercial Director with Erin Foods. He is a director of the Irish Direct Marketing Association.

10. Michael Tyndall
B.Comm., F.C.A.
Company Secretary
Age 58
Mr. Tyndall joined An Post in January 1989 as Head of Financial Accounting and he was appointed as Company Secretary in April 1998. He began his career in the accountancy profession from where he qualified as a chartered accountant. He then worked and held senior financial and management positions in insurance and distribution businesses. He is a Trustee of the An Post Superannuation Schemes and he is also Company Secretary to An Post National Lottery Company.

11. Barney Whelan
B.Sc., M.B.A., F.P.R.I.I.
Director of Communications and Corporate Affairs
Age 54
Mr. Whelan joined An Post in January 2005. Having spent many years in the aquaculture industry, he was responsible for public relations and brand communications at the ESB. He subsequently held the position of Director, Sales and Marketing at The Food Safety Promotion Board. He was appointed to his current position in October 2006.

Financial Performance

As the Chairman has indicated in his statement, our Transformation Programme has continued to produce significant results. The operating profit for the year of €31m, or 3.7% of turnover, is gratifying for a number of reasons. It reflects the effort and commitment of management and staff during 2008; it leaves us well positioned to prepare the Group for a more challenging future in a fully liberalised postal market and it indicates the resilience of our core businesses.

This strong performance was driven by a combination of mail volume growth in the early part of the year, strong revenue throughout the year in retail counter services, efficiencies gained as part of the implementation of our Change Programmes and consistent adherence to strict cost discipline.

Cash generated from operations

€44m

Financial Highlights

Turnover (excluding share of joint venture turnover)

€850.0m
2008

€876.0m
2007

Operating profit

€31.2m
2008

€29.1m
2007

Profit after tax

€33.2m
2008

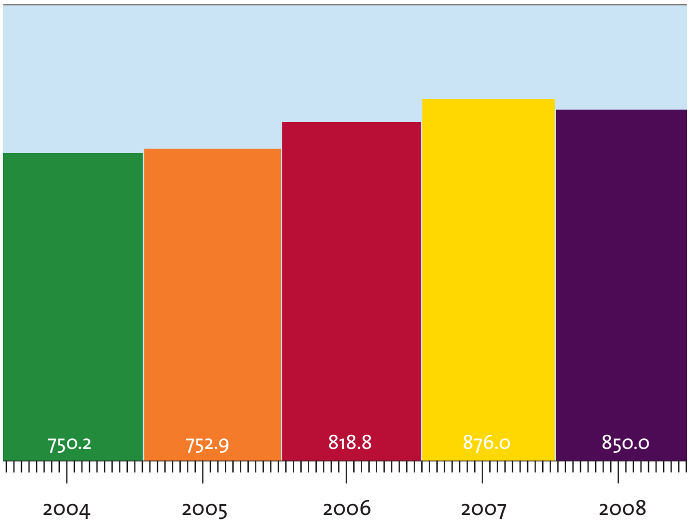
€43.3m
2007

Operating profit margin

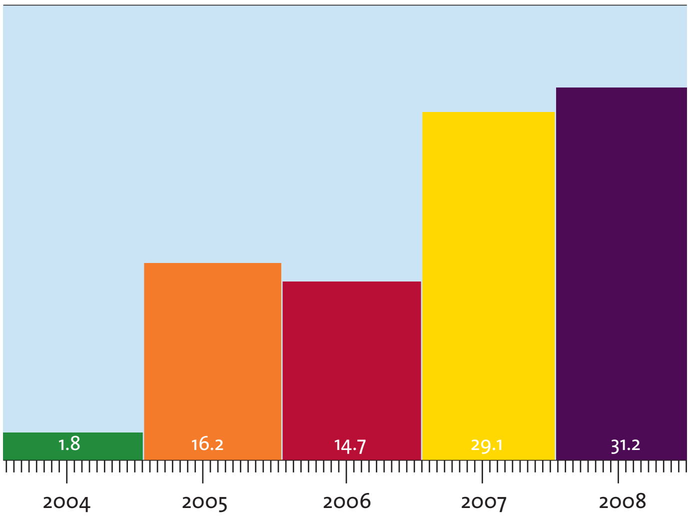
3.7%
2008

3.3%
2007

Turnover €m



Operating profit €m



As the economic environment gradually deteriorated during the second half of the year, volume growth evaporated, leaving mail volumes for 2008 down 2% on the previous year. Group cash flow was strong, however, with cash of €44m generated from operations.

Collection Points

8,500

The significant increase in revenue generated by retail counter services was due to an increase in the number of Social Welfare recipients and the popularity of savings products operated by An Post on behalf of the National Treasury Management Agency. Postbank continued to perform well, in line with plans.

Over the last five years we have achieved a €74m turnaround in Group operating profits, maintained a firm focus on costs and made dramatic improvements in virtually every aspect of our business. This performance sets the necessary back-drop in the run-up to the full opening of the postal market. It places us in a better position to face the competitive challenges which will arise and also helps us to face the many difficulties posed by the current economic downturn. However, further progress is required to achieve the necessary level of competitiveness associated with success in a fully liberalised postal market.

Mails Quality Of Service

Mail collection and delivery are our core services. Consistently achieving independently measured quality of service targets is our top priority. Any failure to maintain this focus will quickly undermine our existing business and our future potential. Meeting service targets, along with improved efficiencies, are fundamental to our ability to withstand the challenges of full competition from 2011.

Delivery Points

2,184,000

To this end, we remain committed to the achievement of our target of 94% next day delivery of domestic mail. During 2008, for instance, we designed, installed and implemented an electronic scanning system which enables us to track the times at which the mail in post boxes is collected. This has contributed to a two percentage points improvement in next day domestic delivery, which was recently reported at 79% for the full year, up from 77% in 2007.

We expect that further improvement, directly attributable to this scanning system, will be demonstrated when ComReg publishes Quality of Service statistics during 2009. Furthermore, we also expect it to lead to a reduction in customer complaints and to a higher level of customer satisfaction.

Last year, we invested a total of €39m to support the continued improvement in service quality, all of which was funded from operations. This is part of a multi-year €150m investment programme which will see the introduction of additional technologies, further capital expenditure on necessary infrastructure, investment in staff training and the adoption of new business processes.

An Post continues to consistently exceed the international mail delivery targets set by the International Post Corporation (IPC). In recognition of this, An Post was recently awarded the IPC Certificate for Excellence in the Management and Processing of International Letter Mail - having achieved and maintained a standard of 95% next day delivery for incoming international mail and 85% for outgoing mail reaching its destination country next day. An Post is one of just 22 service providers worldwide to have received this standard of performance.

INTERNATIONAL INCOMING MAIL - NEXT DAY DELIVERY

95%

CUSTOMER SOLUTIONS

Customers expect us to be innovative in the development and delivery of products and services. To this end, we implemented a number of initiatives last year. These included a new on-line collections booking system, a new telephone system to improve the handling of customer queries and complaints and the launch of new Priority International Parcels and Express Letters services. A number of postal vending kiosks were installed on a pilot basis in selected high density locations and these have proved to be highly successful. We have also entered into an agreement with Vodafone through which An Post will become a Mobile Virtual Network Operator later this year.

ONGOING TRANSFORMATION

We have been engaged for some time in a major Transformation Programme, covering all aspects of our operations, to prepare for the full liberalisation of the postal market in Ireland in 2011. The Programme comprises a dynamic portfolio of projects, with new ones commencing as others are completed.

The initial driver for this Programme was the need to prepare for EU liberalisation of mail services, but it has become increasingly evident that it is necessary for our ongoing commercial success and has a central role to play in helping us to become much more customer focused, more responsive in addressing problems as they arise and in seizing business opportunities as they are identified.

SOCIAL WELFARE AND BILLPAY TRANSACTIONS

60.9m

I am pleased by the improvements already delivered by this Programme in a number of areas. The Attendance Management Project, for example, has seen us actively reduce the level of absence due to illness moving it to a level approaching the national norm. I believe that further progress can be achieved in this area in co-operation with staff through our Partnership Forum process.

Towards the end of 2008, we began planning the next phase of the Transformation Programme. Focused on how An Post should compete in the future, this will help us formulate and implement strategies that will encourage customers to choose us over our competitors in the fully liberalised marketplace.

Cost and Efficiency

An Post is determined to make continued strong progress during 2009 in the areas of cost control and efficiency gain. One of the most important ongoing initiatives is in the area of mail collection and delivery. Our aim is to optimise efficiency in every aspect of this process, from work-flow management to structures and logistics, with the ultimate goal being consistency of service to all customers – and most particularly to the changing needs of our business customers.

Items of post delivered daily

3.5m

Involving significant capital investment, to date the Collection and Delivery Project has been completed in 40 offices throughout the country. It has ensured that, in line with more streamlined processes, staff have the premises and equipment necessary to optimise mail delivery. I am confident that this ongoing programme will make a significant contribution to sustainable improvements in customer service.

Building Organisational Capability

An Post recognises that the service experienced by its customers is determined, to a large extent, by the behaviours and values of its employees and contractors. Part of my role as Chief Executive is to build employee morale and commitment, and to demonstrate that An Post can continue to be successful, provided we put the needs of our customers first and at the very centre of our mission.

We continued our investment in management and leadership development during 2008 with all of the Company's senior and middle managers taking part in a major initiative specifically designed for An Post and the challenges we must overcome in the coming years. This investment in leadership development will be maintained in 2009 across all levels. This will build the capability of all our managers and staff in order to successfully meet the challenge of full market liberalisation from 2011.

The revitalisation of the partnership process within An Post continued in 2008 with all of us, both management and unions, using this customer-focussed process to discuss how best to cooperate and ensure that An Post competes effectively in the liberalised postal market. Likewise, several important internal communications initiatives were implemented to improve the flow of information, keeping everyone throughout the Company informed of developments within the business.

Retail

Retail services performed well during 2008 and there appears to be scope for further growth in our retail business as a whole, notwithstanding the current difficult economic climate. Some of this will be organic as customers increase their use of the Post Office for existing services.

In such a changing environment, the trustworthiness inherent in the An Post brand is of increasing importance to many people. This represents a significant opportunity for An Post, which manages one of the largest, best known and most trusted branch networks in the country. We will pursue these opportunities with vigour and determination in parallel with our investment in a new direction for the Retail Network.

Visits to post offices per week

1.7m

New Postbank services were successfully rolled-out throughout our network in 2008. The introduction of the "Everyday" current account moved Postbank firmly into the territory of the larger retail banks and this was followed by the roll-out of new insurance services. It is intended to add personal loans, credit cards and mortgages to the company's product portfolio in 2009.

Like many European institutions, Fortis Bank, our partner in Postbank, has not been immune from the uncertain business environment for financial services firms. However, we are confident that satisfactory and positive arrangements will emerge and that the objectives set for Postbank can be met to the benefit of customers, postmasters and An Post.

Conclusion

I would like to thank the Board for their assistance and guidance during 2008 and, in particular, I would like to thank our Chairman, John Fitzgerald, for his contribution and support. I would also like to thank all our customers for their continued support. I can assure them that we remain committed to doing everything in our power to be their service provider of choice in all aspects of our business.

Overall, 2008 was a year of significant achievement for An Post. We have clear objectives and a robust Transformation Programme designed to help us achieve them. We have clearly put customer needs and service quality right at the centre of our plans and we continue to work with our customers, both residential and business, to deliver efficient solutions to their needs. We are all fully committed to this approach and we are ready to meet future challenges with great confidence.

Everyone involved with An Post can be pleased with, and encouraged by, the progress made during 2008. However, while we can look to the future from a solid base of consistent performance improvement, there is no escaping the harsh reality that the short to medium term future is extremely challenging.

The economic downturn is bringing new challenges for everyone and is having a negative effect on mail volumes. Given the high level of fixed costs involved in the provision of our mail services, this has the potential to impact negatively on our ongoing profitability. This will also clearly make the task of preparing for full market liberalisation all the more difficult.

Ultimately, however, we must respond to the market as we find it. It is really important in these challenging times to focus on those things that we can control and, in doing so, be better prepared for the impact of those that we cannot. I am confident that, with a strong sense of common purpose established, we are prepared to meet these challenges and, by working together, we will adapt and succeed in our mission.

Donal Connell
Chief Executive
19 March, 2009

Financial Overview

The operating profit of €31.2m achieved in 2008 is an increase of €2.1m on the prior year operating profit. The operating margin improved from 3.3% in 2007 to 3.7% in 2008 mainly as a result of effective management control of costs. The Group profit for the year was €33.2m after a tax charge of €6.7m.

		2008	2007
Turnover (excluding share of joint venture turnover)	€m	850.0	876.0
Operating profit	€m	31.2	29.1
Profit after tax	€m	33.2	43.3
Operating profit margin		3.7%	3.3%
Net assets excluding pension liability	€m	383.8	369.1
Net (liabilities)/assets including pension liability	€m	(198.5)	254.8
Average full time equivalent (FTE) number of staff employed		10,970	11,054
Letters core revenue index (2003: 100)		110.3	112.7
Number of delivery points	millions	2.184	2.131

Turnover

Turnover decreased from €876m to €850m in 2008. This reduction reflects the downward pressure on mail volumes, the election generated mail in the 2007 comparatives and the disposal of two subsidiary companies during 2007 together with the transfer of the Postpoint and One Direct businesses to the joint venture company, Postbank Ireland Limited.

In the mails business volumes declined by 2%, arising mainly in the second half of the year, reflecting the deterioration in the economy.

Turnover in the retail business grew as a result of increased transaction volumes.

Operating Costs

Wages, salaries and postmasters' costs amounted to €547m compared to €535m in 2007. This represents an increase of 2.2% which is less than the increase in wage rates during the year arising from the implementation of National Wage Agreements combined with certain productivity payments payable under collective agreements. This reflects the success in maintaining control over labour costs during 2008.

The implementation of the Collection and Delivery change programme in delivery offices has laid the foundations for significant cost savings in the future.

Other operating costs amounted to €220m. This represents a reduction of 6.4% after adjustment for the impact of subsidiaries sold. This reduction represents a considerable achievement and has been realised whilst continuing to invest in marketing, with particular emphasis on the An Post brand.

Tangible Fixed Assets

Capital expenditure in the year amounted to €39m reflecting significant expenditure on buildings and equipment to support the mails business and more extensive capital investment plans are in place for 2009. The programme of renewal for the transport fleet continued with 750 replacement vehicles acquired during 2008. There were no significant asset disposals during the year.

Treasury Policy and Cash Resources

Net cash flow from operating activities amounted to €44m. This strong operating cash performance has built up the resources required to invest both in capital expenditure and in the implementation of the change programme which will set the foundation for providing world class mail operations into the future.

The Group's treasury function operates under a Board-approved policy which is low-risk and non-speculative. The primary objective of the treasury function is to ensure the availability of funds for trading activities while optimising the return on available cash resources.

Pension Schemes

Pension schemes in the Group are accounted for under FRS 17 and show an accounting deficit of €582m compared to €114m in 2007. The assets of the pension schemes amount to €1.4billion. The defined benefit pension schemes are subject to actuarial review on a three year cycle. The most recent actuarial valuations were carried out at 1 January, 2008 using the attained age method and are sufficient to cover 100% of the accrued liabilities. Since 1 January, 2008 there has been a decline in the market value of the scheme assets. Discussions amongst all of the interested parties have commenced with a view to establishing a considered plan to address the deficit.

Balance Sheet

The Group balance sheet shows fixed assets of €211m, cash balances of €350m and a net assets position before pension liability of €384m. The Group's balance sheet provides a stable financial foundation on which to base the implementation of its strategy.

Economic Outlook

Towards the latter half of 2008 and continuing into 2009, the economic climate in the country has deteriorated. Activity in the mails business reacts to the economic activity and there has been a consequent decline in the mails revenue being generated. Actions to mitigate this impact include vigorous cost control and further efficiency improvements. The full extent of the economic downturn continues to be monitored and the business will react to this as the circumstances dictate.

Under the European Communities (Postal Services) Regulations, 2002, S.I. 616 of 2002 ('the Regulations') and directions issued by the Commission for Communications Regulation (ComReg), An Post is required to publish in its annual report information relating to the Universal Service.

Requirements of the USO (Universal Service Obligation)

Under Regulation 4(2)(a) of the Regulations, An Post is designated as a universal service provider with the obligation to provide a universal postal service.

Under Regulation 4(3)(a), a universal service provider shall guarantee, on every working day and not less than 5 days a week, save in circumstances or geographical conditions deemed exceptional by ComReg, as a minimum:

- i one clearance, and
- ii one delivery to the home or premises of every natural or legal person or, by way of derogation, under conditions at the discretion of ComReg, one delivery to appropriate installations.

Under Regulation 4(4), universal service shall include the following minimum facilities:

- a the clearance, sorting, transport and distribution of postal items up to 2 kgs;
- b the clearance, sorting, transport and distribution of postal packages up to 20 kgs;
- c services for registered items;
- d services for insured items within the State and to and from all countries which, as signatories to the Convention of the Universal Postal Union, declare their willingness to admit such items whether reciprocally or in one direction only.

Under Regulation 4(6) the universal services shall cover both national and cross-border services.

Under Regulation 5, a universal service provider shall meet the following requirements with respect to the provision of the universal service:

- a the service shall guarantee compliance with the essential requirements;
- b an identical service shall be offered to users under comparable conditions;
- c the service shall be made available without any form of discrimination whatsoever, especially without discrimination arising from political, religious or ideological considerations;
- d the service shall not be interrupted or stopped except in cases of *force majeure*; and
- e the service shall evolve in response to the technical, economic and social environment and to the needs of users.

Under Regulation 8, certain services are reserved for An Post as a universal service provider, namely the clearance, sorting, transport and delivery of items of domestic correspondence, cross-border correspondence and direct mail, whether by accelerated delivery or not, within both of the following weight and price limits (from 1 January 2006)

- i the weight limit shall be 50 grams
- ii these weight limits do not apply if the price is equal to or more than two and a half times the public tariff for an item of correspondence in the first weight step of the fastest category (i.e.€1.375)

The free postal service for blind and partially sighted persons is also reserved to An Post.

Access to Universal Services

An Post provides access to its services through its network of 61 Company post offices, 1,187 postmaster-operated post offices and 178 postal agents. In addition, some 2,714 retail premises sell postage stamps, as active licensed agents. To facilitate physical access to the service, approximately 4,800 post boxes are distributed widely throughout the State. There are 43 designated acceptance points for bulk mail services.

Tariffs

The following is a summary of the current prices for standard services. Full information on An Post products and services together with applicable tariffs is set out in the *An Post Guide to Postal Services* and the *An Post Guide to Postal Rates*.

Ireland & NI	Letters (up to C5) (<100g)	Large Envelopes (<100g)	Packets (<100g)	Parcels (<.5kg)
Standard Post	55c 54c if Ceadúnas or meter	95c	€2.20	€6.50
Registered Post *	€5.25	€5.25	€5.25	€10.50

* *The fee payable for the basic registered service covers compensation up to a maximum of €320. Further compensation up to a limit of €1,500 is available for €4 and up to a limit of €2,000 for €5 based on declared value at time of posting.*

International destinations	Letters (up to C5) (<100g)	Large Envelopes (<100g)	Packets (100g)	Parcels (<.5kg)
Standard Post	82c	€1.50	€2.70	GB €18.25 Europe €22.00 ROW €22.00
Registered Post *	€5.17	€5.85	€7.05	GB €23.00 Europe €27.00 ROW €27.00

* *Availability of service dependent on postal administration in destination country. Compensation up to €320 in GB; €150 in Europe; €100 for parcels and €35 for letters outside Europe.*

Quality of Service

The quality performance standard for the delivery of intra-Community cross-border mail was set by the European Commission and was transposed into Irish law under Regulation 12(2) of the Regulations and its Schedule. The quality standard for postal items of the fastest standard category is as follows:
D+3: 85% of items; D+5: 97% of items, where D refers to the day of posting.

The Regulations require ComReg to set a quality-of-service standard for the universal service and the standard set for domestic mail must be compatible with those for intra-Community cross-border services. ComReg have set a quality-of-service target for domestic single piece priority mail as follows:
D+1: 94% D+3: 99.5%, where D refers to the day of posting.

Monitoring of the domestic quality of service is carried out by TNS mrbi on behalf of ComReg. Details of the most recent results are available from the ComReg website www.askcomreg.ie or from our website www.anpost.ie.

Customer Complaints

In 2008, there were 351,679 telephone calls made to An Post Customer Services. Most of these were routine or general enquiries rather than complaints. An Post is required to maintain records of customer complaints taking into account the relevant European standard IS: EN 14012:2003. The table provides, in relation to mail, a breakdown of written complaints received from customers during 2008. The total continues to represent a minute fraction of the entire mail traffic handled during the year.

Written complaints received from customers:	
Items lost or substantially delayed	21,637
Items damaged	832
Items arriving late	1,708
Mail collection or delivery:	
Time of delivery	358
Failure to make daily delivery to home or premises	294
Collection times/Collection failures	2
Misdelivery	209
Access to customer service information	5
Underpaid mail	95
Tariffs for single piece mail/discount schemes and conditions	1
Change of address (Redirections)	6
Behaviour and competence of postal personnel	38
How complaints are treated	5
Other (not included in above)	4,796
Total	29,986

Included in the total figure are complaints about registered items, which number 5,559.

In 2008, An Post launched *Getting it sorted – Resolving your complaints*, which details the An Post Complaint and Dispute Resolution Procedures and which has been distributed nationwide.

Further information

Additional information in relation to services provided by An Post is available by phoning An Post Customer Services on CallSave 1850 57 58 59, by email at customer.services@anpost.ie, by visiting www.anpost.ie, or by calling into your local post office.

Our Vision

Sustainability is a central element of our business success; delivering high quality and affordable services and respecting the communities and the environment in which we operate.

This principle, which is one of our core values, guides our ongoing relationships with our customers, employees and suppliers and reflects our commitment in this regard. Sustainability at An Post is about understanding how environmental, social and economic issues drive business value.

A sustainable business, in our view, is one that has moved beyond compliance and risk mitigation to capture financial benefits from improving the social and environmental impact of business operations. We also believe that sustainable businesses enhance their long-term competitive position by continuously improving their products, processes and business models and, in so doing, minimise resource demands.

Sustainability at An Post is about understanding how environmental, social and economic issues drive business value.

So what did we do during 2008?

During 2008, a current state assessment of our activities was carried out across the workplace, the marketplace and within the communities in which we operate, as well as examining in detail our various impacts on the environment. We also identified current Sustainability activities and their performance and, while we have some way to go, we identified a number of priority areas with significant opportunities, in particular, in relation to energy in buildings, logistics and fleet, products and services, as well as procurement.

A vision and strategy for Sustainability in An Post was developed, which includes guiding principles and key areas of opportunity. We also developed an implementation roadmap to identify key actions which will allow us to implement this strategy.

Environment

We aim to put in place a structured and systematic approach to the management of our environmental impacts.

Our top priorities are to implement programmes to reduce fuel and energy consumption across the business.

An Post played, and continues to play, an active role in a major initiative organised by the International Post Corporation involving many other Postal Administrations. This project is designed to standardise the metrics to be used in reporting our carbon emissions as part of a sectoral report to be published, later this year, during the Climate Change Conference in Rotterdam. Our efforts to minimise our impact on the environment include the optimisation of materials consumption, reducing the amount of business travel through management control and the installation of video conferencing at particular locations across the country. We commenced a particularly successful waste management and recycling initiative in our headquarters. This involved the streaming of waste into paper, recyclables including plastic and general waste, the bailing of cardboard and the shipping of recyclables to Environment Protection Agency-approved outlets. This approach is now operational at 13 sites around the country.

Logistics and fleet

We are currently addressing our entire fleet management system across the country; we expect this initiative to deliver significant benefits in terms of management information, fuel efficiency, improved and more productive vehicle maintenance programmes as well as fleet utilisation. We have also, as part of our procurement strategy, included fuel and CO_2 emission ratings in vehicle assessment. We are planning to commence a further programme of driver training; this project will by its nature deliver greater driver awareness and fuel efficiency. Other fleet initiatives include telematics, route optimisation and route scheduling.

Energy in buildings

We achieved both energy and cost efficiencies in our Delivery Service Unit network by the active management of power and utilities and by the installation of motion and daylight sensors.

A single supplier of central heating oil was appointed during 2008; this will allow better management of energy usage. The building programme associated with our Quality of Service improvement programme incorporated significant energy saving initiatives including upgrades to heating, lighting and ventilation systems, and the installation of insulation and double glazing.

Another small example of this approach involved the installation of a new generation of hand dryers in a number of Company sites. These dryers have highly efficient hygienic filters. They also have quicker drying times, use 83% less energy than conventional models and eliminate the need for waste paper towel streams and the laundering of hand towels.

A pilot water management system commenced and is being implemented at a number of Company sites in Dublin. Initial results are very satisfactory. In one Dublin Delivery Service Unit, the new initiative has produced a saving of 15,000 litres of water per week.

Marketplace

Our marketplace may present opportunities for An Post to both increase revenues and to further reinforce our already strong brand presence.

New Products and Services

Hybrid mail, document management, low carbon services, take back services and recycled and recyclable products are being actively investigated. We will always face the issue that, while customers may wish us to provide products and services which reduce our environmental impact, they may not necessarily be willing to pay any associated premiums.

Sustainable Procurement

We have made much progress in this area and continue to do so. For all tenders over €50,000, the tenderer is now required to provide information on their approach to Sustainability and they are evaluated accordingly. During the coming year, we will be identifying key product service categories and suppliers and assessing what areas we can improve on to ensure sustainable procurement is embedded into this area of our business. Two key drivers of this initiative are those of mitigating supply chain risks and realising more immediate financial benefits across the organisation.

Community

There are few organisations which have the same level of community reach as An Post. Everyday in every townland, village, town and city, our vehicles and staff are to be seen carrying out their duties. The Universal Service Obligation, of which An Post is the designated provider, requires that we deliver to all premises five days per week and we see this as one of our core competencies. This activity brings with it many accounts of how our Postmen and Postwomen go beyond their direct responsibilities and improve the quality of life for so many.

Our Post Office Network provides services in areas which have seen population decline and more specifically, significant changes in shopping and business behaviours and this has led to the closure of many adjoining businesses. However, we remain committed to maintaining an economically viable network and we recently announced our intention to invest significantly in completing the automation of all post office outlets in the context of the broader strategy for the development of this unique network.

It is also a fact that many An Post employees play a significant role in their own local communities, a fact reinforced when approximately 60 volunteered to become tutors when the Company announced its Literacy Awareness Campaign. This initiative has so far seen approximately 10,000 individuals respond to our national advertising campaign in their efforts to access further learning.

We will continue to monitor the perceptions and expectations of our Stakeholders and implement changes, as appropriate, to the way in which we service them.

Workplace

The Company has invested a significant amount in the continuing professional development of its staff. A results focused leadership development programme, which commenced during 2008, was designed specifically to equip senior and middle management with the tools necessary to successfully lead the organisation into the fully competitive and liberalised market from 2011. Equally, investment has continued under appropriate training and development programmes for front line management, administration and operations staff.

Attendance at work and safety and environment are key areas of focus and will remain so for the future. As reported earlier, we have reduced both short and long-term absence during the year as a result of increased cost focus and staff co-operation.

The Disability Act, 2005 places a duty on public organisations to ensure that their public buildings and services are, as far as is practicable, accessible to people with disabilities. In particular, those areas of buildings to which the public has access are to be made accessible not later than 2015. Overall, An Post is on target to meet its commitments with regard to access under the Act. The majority of post offices are, however, operated on a contract basis by postmasters and postmistresses appointed by An Post and the Company is not in a position to oblige them to alter their premises. However, the Company has contacted them all; informed them of the requirements of the Disability Act; and encouraged them to address any access issues that may exist on their premises. All new contracts require the postmaster or postmistress to provide accessible premises. In addition, hearing induction loops to assist the hard of hearing were installed at 47 post offices in 2008. This programme will be extended in 2009.

Transformation

We also determined that Sustainability can be used to provide added leverage to the Company's transformation agenda and to support culture change.

We believe that this can happen by enhancing An Post's competitive position in preparation for liberalisation, by reducing operating costs, by driving incremental revenues through stronger customer and other stakeholder relationships and by motivating employees.

Such an approach will enable us to improve our already significant and positive impact on Irish society and the environment. In order to realise these benefits, An Post has decided to implement an integrated Sustainability model, aligned to core business and operations. The Company has begun the process of putting in place the systems and processes required to accurately report on our performance in relation to the four key areas of environment, marketplace, community and workplace, and we look forward to publishing this data in the years to come.

The Philatelic Service paid tribute to 25 subjects in 2008 with the issue of 43 special and commemorative stamps. Some of the many highlights of the stamp programme were the 2008 Ireland Series, which celebrated the work of Paul Henry, depicting his iconic landscapes in four se-tenant stamps and the "Filmed in Ireland" issue of four stamps set out as film strips, illustrating four great movies filmed on our shores.

2008 also heralded a few firsts for the Irish Philatelic Service including the issue of the "Year of Planet Earth" series of two circular self-adhesive stamps designed by Richard Chaney and the introduction of the Postal Services Centres at various locations and a strip of four x 55c labels.

Other issues of note include the Graham Knuttel designed Beijing Olympic Games, the second in our Irish Music series and a joint issue with the Spanish Postal Service, Correos, entitled "Popular Dance".

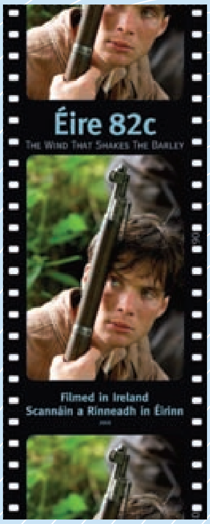
In December 2008, a new Non Value Indicator or "NVI" rate self-adhesive stamp was issued from the Sixth Definitive series, entitled "Wild Flowers of Ireland" featuring the Yellow horned-Poppy and printed using US printers, Ashton Potter, for the first time.

In addition to the annual special, commemorative and definitive stamps, the Philatelic Service also issued six Miniature Sheets, two Prestige Booklets for the "Ireland Series – Paul Henry Landscapes" and "Filmed in Ireland" and a limited edition sheetlet for "The International Year of Planet Earth".

An array of annual products were also printed, including a Year Pack and a First Day Cover collection. Once again, the Irish Stamps Year book was produced to the highest standards of design in text and imagery, featuring all issues from the annual programme in both a standard and luxury edition.


Éire 55c
Cré na Cille
Filmed in Ireland
Scannáin a Rinneadh in Éirinn


Éire 55c
Kings
Filmed in Ireland
Scannáin a Rinneadh in Éirinn


Éire 82c
The Wind That Shakes The Barley
Filmed in Ireland
Scannáin a Rinneadh in Éirinn


Éire 82c
Garage
Filmed in Ireland
Scannáin a Rinneadh in Éirinn


ICAD 50
1958-2008
ÉIRE 55c


ÉIRE 55c


ÉIRE 55c
PLANXTY


ÉIRE 82c
TULLA CÉILÍ BAND


ÉIRE 82c
THE BOTHY BAND


ÉIRE 55c
DE DANNAN


ÉIRE 55c
ÉIRE 55c
ÉIRE 55c
ÉIRE 55c
PAUL HENRY
PAUL HENRY
PAUL HENRY
PAUL HENRY


ÉIRE
55c
Orange birch bolete - Ceap beithe flannbhuí


ÉIRE
55c
Parasol - Tromán uasal


ÉIRE
82c
Pink waxcap - Caipín céarach bándearg


Éire
55c
2008


EUROPA
ÉIRE
82c
Letter Writing • Scríobh Litreacha
2008


EUROPA
ÉIRE
55c
Letter Writing • Scríobh Litreacha
2008


ÉIRE
55c
GREETINGS BEANNACHTAÍ


ÉIRE
55c
GREETINGS BEANNACHTAÍ

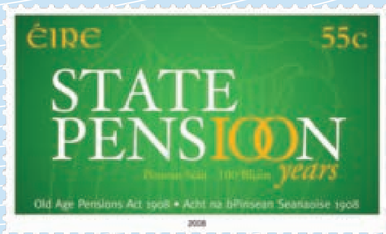

ÉIRE
55c
NUI
1908–2008
Ollscoil na hÉireann


ÉIRE 55c
Beijing 2008

ÉIRE 82c
Beijing 2008

ÉIRE 55c

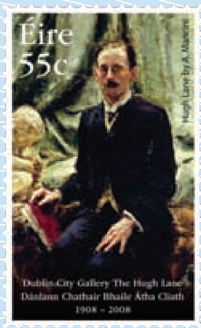
ÉIRE 55c

ÉIRE
55c
SINKING OF THE R.M.S. LEINSTER
AN R.M.S. LEINSTER A CHUR GO TÓIN POILL 1918

ÉIRE 55c
STATE
PENSION
100 years
Old Age Pensions Act 1908 • Acht na bPinsean Seanaoise 1908

ÉIRE
55c
FEB 6th 1958
MUNICH
MUNICH AIR DISASTER 1958 AER-THUBAISTE MUNICH

Éire 55c
European Year of Intercultural Dialogue
Bliain Eorpach na Dialóige Idirchultúrtha
2008

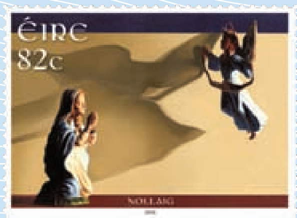
ÉIRE
55c
IRELAND

ÉIRE
82c

Éire
55c
Dublin City Gallery The Hugh Lane
1908 – 2008

Irish Dance Damhsa Gaelach
55c ÉIRE

Éire
55c
TidyTowns

Lá Fhéile Pádraig
ÉIRE 78c

ÉIRE
55c
NOLLAIG

ÉIRE
82c
NOLLAIG

ÉIRE 55c
NOLLAIG

ÉIRE
78c
鼠
年
Year of the Rat Bliain an fhrancaigh

2008 YEAR OF PLANET EARTH
ÉIRE
55c
2008 BLIAIN PHLÁINÉAD AN DOMHAIN

2008 YEAR OF PLANET EARTH
ÉIRE
55c
2008 BLIAIN PHLÁINÉAD AN DOMHAIN

’08

The directors have pleasure in submitting their twenty fifth Annual Report together with the audited financial statements of the Group for the year ended 31 December, 2008, in fulfilment of their obligations under the Companies Acts, 1963 to 2006.

1. The Group And Its Principal Activities

The Company operates the national postal service and money transmission services and provides agency services for Government Departments, the National Treasury Management Agency, An Post National Lottery Company, Postbank Ireland Limited and other bodies. The Company is also a joint venture partner in Postbank Ireland Limited.

One ordinary share is held by the Minister for Finance and the remainder of the issued share capital is held by the Minister for Communications, Energy and Natural Resources.

Details of the activities carried on by subsidiary, associated and joint venture undertakings, together with the information required by Section 158 of the Companies Act, 1963, are given in note 24 to the financial statements.

2. Results

Details of the results for the year are set out in the consolidated profit and loss account on page 49 and in the related notes to the financial statements. The directors do not propose the payment of a dividend for the year.

3. Business Review

The operating profit for the year is €31.2m reflecting an operating margin of 3.7% and an improvement on the result of €29.1m (3.3%) achieved in 2007. Turnover declined during 2008 to €850.0m due to the disposal of subsidiaries in 2007 together with the challenge to mail volumes from the changed economic circumstances in the economy and this trend is continuing into the current year. The Group profit after tax was €33.2m. The decline in financial markets has impacted the value of the pension scheme assets and has resulted in actuarial losses on post employment plans of €486.6m. This has also resulted in a net liabilities position for the Group of €198.5m at 31 December 2008 compared to net assets of €254.8m at 31 December 2007. These figures include a pension liability of €582.3m (2007: €114.3m), see note 18 for further details.

The information required by Regulation 37 of the European Communities (Companies: Group Accounts) Regulations, 1992, is included in the information given on pages 6 to 17.

In monitoring performance, the directors and management have regard to a range of key performance indicators (KPIs), including the following:

KPI	Performance in 2008	Performance in 2007
Financial		
Operating profit as a percentage of turnover	3.7%	3.3%
Staff and postmasters' costs as a percentage of turnover	70.5%	68.6%
Other operating costs as a percentage of turnover	25.9%	28.1%
Net cash inflow from operating activities	€44.4m	€84.4m
Staff		
Average Full Time Equivalents (FTE)	10,970	11,054
Mail business		
Letters core revenue index	(2.1%)	2.3%
Quality of service (national) - next day delivery of single piece priority mail*	79%	77%
Retail business		
Social welfare transactions	36.4m	35.8m
Billpay transactions	24.5m	24.8m
TV licence sales (thousands)	1,430k	1,407k
Investment Products - net fund inflow/(outflow)	€611m	€(2m)
Post Office Savings Bank - net fund inflow/(outflow)**	€456m	€(249m)
Burglaries and Robberies - number of incidents	60	51
Customer Service		
Written complaints	29,986	31,546
Telephone enquiries	351,679	304,980

* Full year figures as per ComReg Monitor.
** Includes SSIA outflows of €330m in 2007.

In accordance with the requirement to analyse the key risks and uncertainties facing the future development of the Group and Company, the following have been identified:

- the general economic climate;
- the need to fully implement agreed change programmes;
- competitive threats to mails revenue;
- achieving adequate prices for services;
- the need to achieve and maintain quality of service targets;
- potential loss of significant agency services;
- the arrangements for downstream access to mails services;
- failure to resolve industrial relations issues through agreed processes; and
- the success of Postbank Ireland Limited.

The directors have analysed these and other risks and appropriate programmes are in place to manage and control these risks. The Corporate Governance statement on pages 33 to 39 sets out the policies and approach to risks and the related internal control procedures and responsibilities.

4. Directors, Secretary And Their Interests

The following changes have taken place in the composition of the Board since the date of the previous report of the directors:

Mr. John Quinlivan, retired 8 May, 2008, re-appointed 24 June, 2008.
* Mr. Patrick Compton, retired 31 October, 2008, re-appointed 1 November, 2008.
* Mr. Jerry Condon retired 31 October, 2008, re-appointed 1 November, 2008.
* Mr. Patrick Davoren retired 31 October, 2008, re-appointed 1 November, 2008.
Mr. Thomas Devlin, retired 31 October, 2008.
Mr. Terry Kelleher, retired 31 October, 2008.
* Mr. Paddy Costello, appointed 1 November, 2008.
* Mr. Gerry O'Toole, appointed 1 November, 2008.
Mr. James Hyland retired 10 December, 2008, re-appointed 11 December, 2008.

* *appointed to the Board in accordance with the Worker Participation (State Enterprises) Acts, 1977 to 1993.*

The directors and secretary who held office at 31 December, 2008 had no interests in the shares in, or debentures of, the Company or any Group company at the beginning of the year (or date of appointment if later) or at the end of the year (2007: Nil).

5. Employees

The Group is an equal opportunities employer. All applications for employment are given full and fair consideration, due regard being given to the aptitude and ability of the individual and the requirements of the position concerned. All persons are treated on equal terms as regards training, career development and promotion. An Post conducted a disability survey of all employees during the year and confirms its employment of people with disabilities exceeds the target of 3% set under the Disabilities Act, 2005.

The Group is committed to the highest standards of safety and health practices in order to meet the requirements and future regulations of the Safety, Health and Welfare at Work Act, 2005. Health and Safety management co-ordinate the policies outlined in the Group's Safety Statement, which is designed to ensure a safe place and system of work for all Group employees.

6. Prompt Payment Of Accounts

The policy of An Post is to comply with the requirements of relevant prompt payment of accounts legislation. The Group's standard terms of credit taken, unless otherwise specified in specific contractual arrangements, are 30 days. Appropriate internal financial controls are in place, including clearly defined roles and responsibilities and monthly reporting and review of payment practices. These procedures provide reasonable but not absolute assurance against material non-compliance with the regulations.

7. Accounting Records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by engaging accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The books of account of the Company are located at the Company's premises at the General Post Office, O'Connell Street, Dublin 1.

8. Auditors

In accordance with Section 160(2) of the Companies Act, 1963, the auditor, KPMG, Chartered Accountants, will continue in office.

On behalf of the Board
John Fitzgerald Chairman
Donal Connell Director
19 March, 2009

Maintaining high standards of corporate governance continues to be a priority for the directors of An Post. In developing its corporate governance policy, the Board has sought to give effect both to the Code of Practice for the Governance of State Bodies, issued by the Department of Finance, and to the relevant main and supporting principles of good governance outlined in the 2006 Combined Code issued by the United Kingdom's Financial Reporting Council. While the provisions of the Combined Code are of direct relevance only to listed companies, the Board does feel that their application, where appropriate, assists An Post in its compliance with best corporate governance practice.

The directors are accountable to the shareholders for good corporate governance and this report addresses how the Code of Practice for the Governance of State Bodies and the relevant main and supporting principles of the 2006 Combined Code have been applied within An Post.

The Board

The Group is controlled through its Board of directors. The Board's main roles are to oversee the operation of the Group, to provide leadership, to approve strategic objectives and to ensure that the necessary financial and other resources are made available to enable those objectives to be met. The Board meets on a monthly basis and certain matters are specifically reserved to the Board for its decision.

The specific responsibilities reserved to the Board include: setting Group strategy and approving an annual budget and medium-term projections; reviewing operational and financial performance; approving major capital expenditure; reviewing the Group's systems of financial control and risk management; ensuring that appropriate management development and succession plans are in place; reviewing the environmental, health and safety performance of the Group; approving the appointment of the Company Secretary; and maintaining satisfactory communication with shareholders.

The Board has delegated the following responsibilities to management: the development and recommendation of strategic plans for consideration by the Board that reflect the longer-term objectives and priorities established by the Board; implementation of the strategies and policies of the Group as determined by the Board; monitoring of the operating and financial results against plans and budgets; prioritising the allocation of technical and human resources; and developing and implementing risk management systems.

The roles of the Chairman and the Chief Executive

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman facilitates the effective contribution of all directors and constructive relations between the executive director and the other directors, ensures that directors receive relevant, accurate and timely information and manages effective communication with shareholders.

The Chief Executive has direct charge of the Group on a day to day basis and is accountable to the Board for the financial and operational performance of the Group.

Senior Independent Director

The Board has considered the question of appointing one of its members to be a Senior Independent Director, in addition to the Chairman, but continues to believe that this recommendation of the Combined Code is not applicable in the light of An Post's legal structure.

Directors and Directors' independence

All directors are appointed to the Board by the Minister for Communications, Energy and Natural Resources and their conditions of appointment and fees are set out in writing. Employee directors

are elected in accordance with the Worker Participation (State Enterprises) Acts, 1977 to 1993 for a term of four years. The postmaster director is elected in accordance with Section 81 of the Postal and Telecommunications Services Act, 1983 for a term of three years. All other directors are appointed for a fixed term, usually five years.

The Board is comprised of fifteen directors viz: the Chief Executive, five employee directors, one postmaster director and eight non-executive directors. The names of the directors together with their biographical details are set out on pages 4 and 5. The positions of Chairman and Chief Executive are held by different people. Given its legal status as a State Company and the responsibility of its principal shareholder in the appointment of directors, the Board believes that the criteria normally used by the Board of a listed company in considering the independence of its directors do not apply in An Post's circumstances. The Board, consequently, has not evaluated the independence of its directors against the criteria set out in the 2006 Combined Code.

The 2006 Combined Code requires the Chairman to hold meetings with the non-executive directors without the executive director being present. The Board has formal procedures in place in this regard.

Directors have the right to ensure that any unresolved concerns they may have about the running of the Group or about a particular course of action are recorded in the Board minutes. If they have any such concerns, they may, on resignation, provide a written statement to the Chairman, for circulation to the Board.

The directors are given access to independent professional advice at the Group's expense where they deem it necessary to discharge their responsibilities as directors.

Professional development

On appointment, all new directors take part in an induction programme when they receive information about the Group, the role of the Board and the matters reserved for its decision, the terms of reference and membership of the principal Board and Board Committees, the Group's corporate governance practices and procedures, including the responsibilities delegated to Group senior management, and the latest financial information about the Group. This will typically be supplemented by meetings with key senior executives. Throughout their period in office, the directors are continually updated on the Group's business, the competitive and regulatory environments in which it operates, corporate social responsibility matters and other changes affecting the Group and the postal industry as a whole, by written briefings and meetings with senior executives. Directors are also advised on appointment of their legal and other duties and obligations as a director, both in writing and in face-to-face meetings with the Company Secretary. They are also updated on changes to the legal and governance requirements of the Group and upon themselves as directors.

Performance evaluation

The Board has adopted and performed a formal process for the annual evaluation of its own performance and that of its principal Committees. It considers that the introduction of any further evaluation of individual directors would be inappropriate given the manner of appointment of directors, the shareholding structure and existing Board procedures.

The Company Secretary

The Company Secretary is a full time employee of An Post. The Company Secretary is responsible for advising the Board through the Chairman on all governance matters. All directors have access to the advice and services of the Company Secretary. The Company's Articles of Association provide that the appointment and removal of the Company Secretary is a matter for the full Board.

Information

Regular reports and papers are circulated to the directors in a timely manner in preparation for Board and Committee meetings. These papers are supplemented by information specifically requested by the directors from time to time.

The directors receive monthly management accounts and regular management reports and information which enable them to scrutinise the Group's and management's performance against agreed objectives.

Relations with shareholders

The Board through the Chairman and management, maintain an ongoing dialogue with the Company's shareholders on strategic issues. The Chairman and the Chief Executive give feedback to the Board on issues raised with them by the shareholders. All directors normally attend the Annual General Meeting and shareholders are invited to ask questions during the meeting and to meet directors after the formal proceedings have ended.

Internal Control

An ongoing process exists for identifying, evaluating and managing the significant risks faced by the Group. This process, which is based on the Combined Code Guidance for directors, issued by the Institute of Chartered Accountants in England and Wales (the Turnbull Guidance), is periodically reviewed by the directors and has been in place throughout the accounting period and up to the date the financial statements were approved.

In accordance with the guidance of the Turnbull committee, the directors are responsible for the Group's system of internal control and set appropriate policies on internal control, seek regular assurance that enable them to satisfy themselves that the system is functioning effectively and ensure that the system of internal control is effective in managing risks in the manner which it has approved. Such a system is designed to manage rather than eliminate business risks and can provide only reasonable rather than absolute assurance against material misstatement or loss.

The directors have continued to review the effectiveness of the Group's system of financial and non-financial controls during 2008, including operational and compliance controls, risk management and the Group's high level internal control arrangements. These reviews have included an assessment of internal controls by management, management assurance of the maintenance of controls, reports from the internal auditors and reports from the external auditor on matters identified in the course of its statutory audit work.

The Group views the careful management of risk as a key management activity. Managing business risk to deliver opportunities is a key element of all activities. This is done using a simple and flexible framework which provides a consistent and sustained way of implementing the Group's values. These business risks, which may be strategic, operational, reputational, financial or environmental, should be understood and visible. The business context determines in each situation the level of acceptable risk and controls.

Management is responsible for the identification and evaluation of significant risks and for the design and implementation of appropriate internal controls. These risks are assessed on an ongoing basis and are derived from a variety of external and internal sources. Management reports regularly to the Board on the key risks inherent in the business and on the way in which these risks are managed. Management also reports to the Board on any significant changes in the Group's business and on any risks associated with such changes. The process used to identify and manage key risks is an integral part of the internal control environment.

The key procedures which the directors have established with a view to providing effective internal control are as follows:

- A clear focus on business objectives as determined by the Board after consideration of the statutory responsibilities and risk profile of the Group's businesses.
- A defined organisational structure with clear lines of responsibility, delegation of authority and segregation of duties designed to foster a beneficial control environment.
- A risk management process which considers the strategy and development of the business in the context of the annual budget process when financial plans and performance targets are set and reviewed by the Board in light of the Group's overall objectives.
- A reporting and control system which ensures that individual businesses report to the Board on an ongoing basis on their progress in achieving objectives. The system for reporting covers both operational and financial performance, occurs on a timely basis and ensures that budgetary variances are examined and addressed promptly.
- An internal audit function which monitors compliance with policies and the effectiveness of internal control within the Group's businesses. The working of the internal audit function is focused on the areas of greatest risk to the Group.
- A Board level committee, the Audit and Security Committee, which approves internal and external audit plans and deals with significant control issues raised by internal and external auditors.

Attendance at meetings of the Board, the Remuneration Committee and the Audit and Security Committee

Ten Board meetings were held during the year ended 31 December, 2008 and the attendance record of each director is set out in the following table:

Name	Eligible to attend	Attended
John Fitzgerald	8	8
Patrick Compton	10	9
Jerry Condon	10	10
Donal Connell	10	10
Anne Connolly	10	10
Paddy Costello	2	2
Patrick Davoren	10	9
Louise English	10	7
Ciara Hurley	10	10
James Hyland	10	6
Brian McConnell	10	10
Gerry O'Toole	2	2
John Quinlivan	9	8
Alan Sloane	10	9
Catherine Woods	9	8
Thomas Devlin	8	8
Terry Kelleher	8	4
Margaret McGinley	1	1
Peter Wyer	1	1

Six meetings of the Remuneration Committee were held during the year ended 31 December, 2008 and the attendance record of each director, eligible to attend, is set out in the following table:

Name	Eligible to attend	Attended
John Fitzgerald	5	5
Donal Connell	5	5
John Quinlivan	4	3
Catherine Woods	4	4
Margaret McGinley	1	1
Peter Wyer	1	1

Five meetings of the Audit and Security Committee were held during the year ended 31 December, 2008 and the attendance record of each director, eligible to attend, is set out in the following table:

Name	Eligible to attend	Attended
Louise English	2	2
Ciara Hurley	5	5
James Hyland	5	4
Patrick Davoren	4	4

Directors' Remuneration

The remuneration of the Chief Executive is determined in accordance with the guidelines issued by the Department of Finance for determining the remuneration of Chief Executive Officers of Commercial State Bodies and is subject to the approval of the Remuneration Committee of the Board of An Post and the Minister for Communications, Energy and Natural Resources. The objective is to maintain the remuneration of the Chief Executive at a level which is attractive to the individual while, at the same time, representing value for money for the Group. A proportion of the Chief Executive's remuneration is performance related and, in this way, is linked to the Group and individual objectives. Fees for all directors are determined by the Minister for Communications, Energy and Natural Resources with the approval of the Minister for Finance.

The disclosures made in these financial statements relating to directors' emoluments and pension information are those required under the Irish Companies Acts, 1963 to 2006.

Remuneration Committee

The Remuneration Committee is currently comprised of three non-executive directors and the Chief Executive. John Fitzgerald acts as Chairman of the Committee. The Chief Executive absents himself from meetings when matters relating to his own remuneration are being considered. When necessary, non-Committee members are invited to attend. The Committee's principal responsibilities are:

- to determine, on behalf of the Board, the remuneration and other terms and conditions of employment of the Chief Executive, subject to compliance with Government Policy relating thereto;
- to determine, on behalf of the Board, the pay structures and terms and conditions of other senior personnel (as identified by the Chairman of the Board);
- to be informed of significant developments in industrial relations and to review industrial relations policies to ensure the strategy is consistent with the achievement of the business plans of An Post and, on behalf of the Board, to take decisions on such matters;
- to act, on behalf of the Board, and take all decisions related to pay and pay related matters, as the Chairman of the Board shall determine; and
- to act, on behalf of the Board, and take all significant decisions on matters such as remuneration policy, benefits, staff grading, third party recommendations and related issues.

Audit and Security Committee

The Audit and Security Committee is currently comprised of three non-executive directors all of whom have recent and relevant financial experience. When necessary, non-Committee members are invited to attend. Under its terms of reference, the Committee is to assist the Board in fulfilling its responsibilities by providing an independent review of financial reporting, by satisfying itself as to the effectiveness of the Company's internal controls and as to the sufficiency of the external and internal audits.

The Committee is responsible for monitoring the effectiveness of the external audit process and making recommendations to the Board in relation to the appointment, re-appointment and remuneration of the external auditor. It is responsible for ensuring that an appropriate relationship between the Group and the external auditor is maintained, including reviewing non-audit services and fees. As a result of regulatory or similar requirements, it is necessary to employ the Group's external auditor for certain audit related and non-audit services. In order to maintain the independence of the external auditor, the Audit and Security Committee has determined policies

as to what audit related and non-audit services can be provided by the Group's external auditor and the approval process related to these services. Under these policies, work of a consultancy nature will not be offered to the external auditor unless there are clear efficiencies and value-added benefits to the Group while ensuring that the objectivity and independence of the external auditor is maintained. The Audit and Security Committee monitors the level of fees paid to the external auditor.

The Committee reviews annually the Group's systems of internal control and the processes for monitoring and evaluating the risks facing the Group.

The Committee also assists and, where relevant, makes recommendations to the Board on the discharging of its responsibilities in relation to security.

The Committee meets with management, as well as privately with the external auditor.

In 2008, the Audit and Security Committee discharged its responsibilities by:
- reviewing the Group's draft financial statements for 2007 prior to Board approval and meeting and reviewing with the external auditor their reports thereon;
- reviewing the appropriateness of the Group's accounting policies;
- reviewing the potential impact on the Group's financial statements of significant matters arising during the year;
- reviewing the resources of internal audit, approving the internal audit plans, reviewing internal audit reports and dealing with significant control issues raised by the internal auditor;
- reviewing the audit fee and non-audit fees payable to the Group's external auditor;
- reviewing the external auditor's plan for the audit of the Group's financial statements for 2008, confirmations of auditor independence and the proposed audit fee, and approving the terms of engagement for the audit on behalf of the board
- reviewing the key risks to the business and considering the adequacy of the Group's system of risk identification and assessment;
- reviewing an annual report on the Group's systems of internal control and its effectiveness, reporting to the Board on the results of the review and receiving regular updates on key risk areas of financial control; and
- reviewing security policies and procedures for the protection of staff, postmasters and customers and for safeguarding assets and the implementation of and compliance with those policies and procedures.

The Group operates procedures to ensure that appropriate arrangements are in place for employees to be able to raise, in confidence, matters of possible impropriety, with suitable subsequent follow-up action. Reporting channels have been created whereby perceived wrongdoing may be reported via post, telephone and email, anonymously if preferred.

Nomination Committee
As all the authority regarding the appointment of directors is vested in the Minister for Communications, Energy and Natural Resources, with the consent of the Minister for Finance, the matter of constituting a Nomination Committee does not require consideration by the Board.

Compliance Statement
As noted above, in developing its corporate governance policy, the Board has sought to give effect both to the Code of Practice for the Governance of State Bodies, issued by the Department of Finance, and to the relevant main and supporting principles of good governance outlined in the 2006 Combined Code issued by the United Kingdom's Financial Reporting Council.

The directors confirm that the Group has been in compliance with the Code of Practice for the Governance of State Bodies and the relevant main and supporting principles of the 2006 Combined

Code throughout the financial year under review, with the exception of a number of areas noted above where voluntary compliance with provisions of the 2006 Combined Code is not, given the manner of appointment of directors, the legal and shareholding structure of the Company and existing Board procedures, considered appropriate.

Going Concern

The directors have reviewed the Group's business plan and other relevant information and have a reasonable expectation that the Group will continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

On behalf of the Board
John Fitzgerald Chairman
Donal Connell Director
19 March, 2009

Statement of the Directors on compliance with the European Communities (Postal Services) Regulations 2002 concerning cost accounting systems and with the Regulator's Direction on the Accounting Systems of An Post

Under the European Communities (Postal Services) Regulations, 2002 (the Regulations), the Commission for Communications Regulation, (ComReg), was designated as the national regulatory authority for the postal sector and An Post was designated as a Universal Service provider.

Under those Regulations, the accounting procedures of An Post are required to be conducted in accordance with directions laid down by ComReg and with certain provisions in the Regulations. On 8 December, 2006, ComReg issued a direction to An Post setting out the regulator's detailed requirements in relation to the accounting systems of An Post (the Direction).

The directors acknowledge their responsibility for compliance with the accounting provisions of the Regulations and with the Direction and the following statement describes how An Post applied the relevant provisions of the Regulations and the Direction for the accounting year beginning on 1 January, 2008.

Financial Records and Accounting Systems

The financial records and accounting systems maintained by An Post contain sufficient detail as required by the Direction to enable management to ensure that they comply with the accounting provisions of the Regulations. Separate accounts are maintained for each of the services within the reserved and non-reserved sectors.

Separated Accounts

Segmental profit and loss accounts and statements of net assets are being prepared for submission to ComReg for the year ended 31 December, 2008. In compliance with the Direction, a competent body is reviewing these accounts and will issue an opinion on their compliance both with the Regulations and the Direction.

Management Accounting Manual

A detailed accounting manual has been prepared showing the range and scope of data to be collected for the purpose of complying with the Regulations and the Direction and the basis on which the data is to be allocated/apportioned between services. This was submitted to ComReg in 2008.

The manual reflects the detailed revenue determination and cost allocation and apportionment principles and rules set out in the Regulations and the Direction.

Statement of Compliance

Based on the above steps and actions, the directors believe that An Post has complied with the relevant provisions of the Regulations and with the Direction of ComReg in relation to the Accounting Systems of An Post for the year ended 31 December, 2008.

On behalf of the Board
John Fitzgerald Chairman
Donal Connell Director
19 March, 2009

The directors are responsible for preparing the Annual Report and financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law, the directors have elected to prepare the Group and parent Company financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The Group and parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Group and the parent Company and of the profit or loss of the Group for that period.

In preparing each of the Group and parent Company financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time, the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2006. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Acts, 1963 to 2006.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board
John Fitzgerald Chairman
Donal Connell Director
19 March, 2009

We have audited the Group and parent Company financial statements (the 'financial statements') of An Post for the year ended 31 December 2008, which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, the Statement of Accounting Policies and the related notes. These financial statements have been prepared under the accounting policies therein.

This report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

The directors responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), are set out in the Statement of Directors' Responsibilities on page 41.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland and are properly prepared in accordance with the Companies Acts, 1963 to 2006, and the European Communities (Companies: Group Accounts) Regulations, 1992. We also report to you whether in our opinion: proper books of account have been kept by the Company; at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the Company's balance sheet is in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and transactions with the Group is not disclosed and, where practicable, include such information in our report.

We review, at the request of the directors, whether (1) the voluntary Corporate Governance statement on pages 33 to 39 reflects the Group's compliance with the nine provisions of the 2006 FRC Combined Code that the Listing Rules of the Irish Stock Exchange specifies for review by auditors and (2) the statement on the system of internal control on pages 35 and 36 reflects the Group's compliance with the provision of The Code of Best Practice for the Governance of State Bodies that is specified for review by auditors and we report if those statements do not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement, the Chief Executive's Review, the Financial Review, the Corporate Governance statement and the Five Year Financial Summary. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis Of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group's and parent Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the Group and the Company at 31 December, 2008 and of the profit of the Group for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2006 and the European Communities (Companies: Group Accounts) Regulations, 1992.

We have obtained all the information and explanations we considered necessary for the purposes of our audit. In our opinion, proper returns adequate for our audit have been received from branches of the Company not visited by us. In our opinion, proper books of account have been kept by the Company and the balance sheet of the Company at 31 December, 2008 is in agreement therewith.

In our opinion, the information given in the report of the directors on pages 30 to 32 is consistent with the financial statements.

The balance sheet of the Company, as stated on page 52, reports an excess of liabilities over assets and, in our opinion, on that basis there did exist at 31 December, 2008, a financial situation which under section 40(1) of the Companies (Amendment) Act 1983 does require the convening of an extraordinary general meeting of the Company.

KPMG

KPMG
Chartered Accountants
Registered Auditor
1 Stokes Place
St. Stephen's Green
Dublin 2
19 March, 2009

Report of the Independent Auditor to An Post on compliance with the European Communities (Postal Services) Regulations 2002 (the Regulations) concerning cost accounting systems and with the Regulator's Direction

In addition to our audit of the financial statements, we have reviewed the directors' statement on page 40 concerning the Company's compliance, for the year ended 31 December, 2008, with the accounting provisions of the Regulations and with the direction to An Post setting out the Regulator's detailed requirements in relation to the accounting systems of An Post (the Direction), issued on 8 December, 2006 by the postal services regulator, ComReg, in relation to the accounting systems of An Post.

Respective Responsibilities of Directors and Auditor

The directors prepare an annual statement of compliance with the accounting provisions of the Regulation and the Direction for which they are responsible. The objective of our review is to draw attention to non-compliance with the requirements of the accounting provisions of the Regulations and with the Direction. Our review does not constitute an audit of the separated accounts. A separate audit report will be issued on the audit of the regulatory accounts.

Basis of Opinion

We carried out our review in accordance with the general principles and guidance of the Auditing Practices Board.

Opinion

Based on enquiry of certain directors and officers of the Company and examination of relevant documents, in our opinion, the directors' statement on page 40 appropriately reflects the Company's compliance, for the year ended 31 December, 2008, with the accounting provisions of the Regulations and with the Direction on the Accounting Systems of An Post, dated 8 December, 2006 issued by ComReg.

KPMG

KPMG
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2
19 March, 2009

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

1. Basis of Preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable law and Irish Generally Accepted Accounting Practice which includes compliance with the financial reporting standards of the Accounting Standards Board promulgated in Ireland by The Institute of Chartered Accountants in Ireland.

2. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings (except An Post National Lottery Company) made up to the end of the financial year. The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated profit and loss account from the date of acquisition or up to date of disposal. Upon the acquisition of a business, fair values are attributed to the identifiable net assets acquired. Goodwill arising on acquisitions is dealt with as set out below.

The sole activity of An Post National Lottery Company is the operation of the National Lottery under licence from the Minister for Finance in accordance with the provisions of the National Lottery Act, 1986 and the surplus generated each year is entirely attributable to the National Lottery Fund which is managed and controlled by the Minister. Accordingly, An Post does not participate in the surplus generated by An Post National Lottery Company and neither is it entitled to exercise any rights over the assets of that company. On this basis, in accordance with the provisions of Financial Reporting Standard No. 2 'Accounting for Subsidiary Undertakings' and the European Communities (Companies: Group Accounts) Regulations, 1992, the consolidated financial statements do not incorporate the financial statements of An Post National Lottery Company. Separate financial statements of An Post National Lottery Company will be published on 24 March, 2009.

Joint venture undertakings (joint ventures) are those undertakings in which the Group has a long term interest and over which it exercises control jointly with another party.

Associated undertakings (associates) are those undertakings in which the Group has a participating interest in the equity capital and over which it is able to exercise significant influence.

Joint ventures and associates are accounted for using the gross equity method and equity method respectively. The Group's share of profits less losses of joint ventures and associates is included in the consolidated profit and loss account and its interests in their net assets or liabilities, other than goodwill, are included as fixed asset investments in the consolidated balance sheet.

The amounts included in the consolidated financial statements in respect of the post acquisition profits of joint ventures and associates are taken from their latest audited financial statements made up to the balance sheet date.

Investment in joint ventures and associates are shown in the company balance sheet as financial fixed assets and are valued at cost less provisions for impairments in value.

3. Turnover

Turnover is recognised as services are provided and consist of income from postage, agency services, poundage from remittance services, courier and logistic services, consultancy services, financial services, rents and interest income. Income from agency services is in respect of services performed for Government Departments, the National Treasury Management Agency, An Post National Lottery Company, Postbank Ireland Limited and other bodies. Amounts held in the performance of these agency services are included in amounts held in trust in cash at bank and at hand.

Postage income is recognised in the profit and loss account as sales are made with an adjustment to deferred revenue for stamps sold and unused and balances in postage meter machines unused at the year end.

4. Saving Services
The Company operates, on an agency basis and for an agreed remuneration, the Post Office Savings Bank and other savings services for the National Treasury Management Agency, which acts on behalf of the Minister for Finance.

The funds are remitted regularly to the National Treasury Management Agency. The assets and liabilities of such savings services vest in the Minister for Finance and, accordingly, are not included in these financial statements.

5. Grants
Revenue based grants are credited to the profit and loss account to offset the matching expenditure.

Capital grants received and receivable under EU assisted schemes are recognised when received or when their receipt can be foreseen with virtual certainty.

Capital grants are treated as deferred income and amortised to the profit and loss account on a basis consistent with the depreciation policy of the related tangible fixed assets.

6. Tangible Fixed Assets
Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of certain security equipment in sub-post offices and furniture and fittings, together with other minor items, is charged to the profit and loss account in the year in which the expenditure is incurred. All other purchases of tangible fixed assets are capitalised.

Freehold and long leasehold land is not depreciated. Depreciation on other tangible fixed assets is charged to the profit and loss account on a straight line basis so as to write off those assets, adjusted for estimated residual value, over the expected useful life of each category. The remaining useful lives of the assets and their residual values are reviewed on a regular basis.

Depreciation is provided on additions with effect from the first day of the month following commissioning and on disposals up to the end of the month of retirement.

The estimated useful lives are as follows:

	Years
Freehold & long leasehold buildings	20 - 50
Interest in GPO	50
Motor vehicles	5
Computer & other equipment	3 - 10

7. Operating Leases
Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

8. Goodwill
Goodwill arising on acquisitions, representing the excess of the purchase price over the fair value of the net identifiable assets or liabilities acquired, is capitalised and amortised to the profit and loss account on a straight line basis over its expected useful life of ten years. The carrying value of goodwill is reviewed annually and provision is made for any impairment in value. On disposal of a business, any goodwill is included in determining the profit or loss on sale of the business.

9. Financial Fixed Assets

Financial fixed assets are shown at cost less provisions for impairments in value. Income from financial fixed assets, together with any related tax credit, is recognised in the profit and loss account in the year in which it is receivable.

10. Taxation

Current tax, including Irish corporation tax and foreign tax(es), is provided on the Group's taxable profits, at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries, joint ventures and associates only to the extent that, at the balance sheet date, dividends have been accrued or receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary, joint venture or associate.

11. Pensions

The Group provides pensions to its employees under defined benefit superannuation schemes and a defined contribution scheme. It also provides retirement gratuities under normal circumstances to postmasters engaged as agents and to certain non-pensionable employees.

In relation to the defined contribution scheme, contributions are accrued and recognised in operating profit or loss in the period in which they are earned by the relevant employees.

For the defined benefit schemes, the difference between the market value of the schemes' assets and the actuarially assessed present value of the schemes' liabilities, calculated using the projected unit credit method, is disclosed as an asset/liability on the balance sheet, net of a deferred tax liability or asset (to the extent that it is recoverable).

The amount charged to operating profit is the actuarially determined cost of pension benefits promised to employees earned during the year plus any benefit improvements granted to members during the year.

The expected return on the pension scheme's assets during the year and the increase in the scheme's liabilities due to the unwinding of the discount rate during the year are shown as financing costs in the profit and loss account.

Any difference between the expected return on assets and that actually achieved and any changes to the liabilities due to changes in assumptions or because actual experience during the year was different to that assumed, are recognised as actuarial gains and losses in the statement of total recognised gains and losses.

In relation to the unfunded liability for retirement gratuities, the actuarially determined present value of the liability is recorded in full in the balance sheet and it is increased for the cost of additional benefits earned during the year which is charged to operating profit.

The unwinding of the discount on the liability is shown as a financing cost in the profit and loss account. Changes to the liability as a result of changes in measurement assumptions or because actual experience is different to that assumed are considered to be an actuarial gain or loss and are included in the statement of total recognised gains and losses.

12. Foreign Currencies

Transactions denominated in foreign currencies are translated into euro and recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the balance sheet date or at forward purchase contract rates where such contracts exist. All such exchange differences are dealt with in the profit and loss account.

Results of overseas subsidiaries are translated into euro at the average exchange rate for the period. The assets and liabilities of overseas subsidiaries are translated into euro at rates of exchange ruling at the balance sheet date. Translation differences are reported as a movement on reserves.

Consolidated Profit and Loss Account for the year ended 31 December, 2008

	Notes	2008 €'000	2007 €'000
Turnover: Group and share of joint venture		864,169	884,373
Less share of joint venture's turnover		(14,126)	(8,390)
Group turnover - continuing operations	2	850,043	875,983
Operating costs	3	(818,808)	(846,857)
Group operating profit - continuing operations		31,235	29,126
Share of operating loss of joint venture	11	(9,685)	(12,475)
Exceptional items - continuing operations			
- Net profit on sale of assets	4	-	1,516
Other finance income (net)	18	18,340	31,250
Profit on ordinary activities before taxation	5	39,890	49,417
Tax on profit on ordinary activities	6	(6,675)	(6,082)
Profit for the financial year	7/20	33,215	43,335

On behalf of the Board
John Fitzgerald Chairman
Donal Connell Director

Consolidated Statement of Total Recognised Gains and Losses for the year ended 31 December, 2008

	Notes	2008 €'000	2007 €'000
Profit for the financial year excluding share of results of joint venture		42,900	55,810
Share of joint venture's result	11	(9,685)	(12,475)
Unrealised gain on sale of assets to joint venture	11	-	23,000
Actuarial (loss)/gain on post employment plans	18	(486,565)	63,141
Total recognised gains and losses		(453,350)	129,476

Consolidated Balance Sheet at 31 December, 2008

	Notes	2008 €'000	2008 €'000	2007 €'000	2007 €'000
Fixed Assets					
Intangible assets - goodwill	9		2,864		3,682
Tangible assets	10		197,761		177,620
Financial assets:					
Investment in joint venture:					
- Share of gross assets		191,957		77,015	
- Share of gross liabilities	11	(181,117)	10,840	(51,635)	25,380
Investment in associates	11		-		-
			211,465		206,682
Current Assets					
Debtors	12		50,727		56,276
Cash at bank and in hand	13		350,463		353,207
			401,190		409,483
Creditors: Amounts falling due within one year	14		(165,192)		(173,927)
Net Current Assets			235,998		235,556
Total Assets less Current Liabilities			447,463		442,238
Creditors: Amounts falling due after more than one year	16		(3,767)		(3,869)
Provisions for Liabilities	17		(59,938)		(69,261)
Net Assets excluding Pension Liability			383,758		369,108
Pension Liability	18		(582,300)		(114,300)
Net (Liabilities)/Assets including Pension Liability			(198,542)		254,808
Capital and Reserves					
Called up share capital	19		68,239		68,239
Capital conversion reserve fund	19		877		877
Profit and loss account	20		(267,658)		185,692
Shareholders' (Deficit)/Funds	21		(198,542)		254,808

On behalf of the Board

John Fitzgerald Chairman

Donal Connell Director

Company Balance Sheet at 31 December, 2008

	Notes	2008 €'000	2007 €'000
Fixed Assets			
Tangible assets	10	204,147	162,150
Financial assets	11	43,761	29,759
		247,908	191,909
Current Assets			
Debtors	12	49,962	65,469
Cash at bank and in hand	13	342,033	335,284
		391,995	400,753
Creditors: Amounts falling due within one year	14	(205,999)	(171,821)
Net Current Assets		185,996	228,932
Total Assets less Current Liabilities		433,904	420,841
Creditors: Amounts falling due after more than one year	16	(3,767)	(2,839)
Provisions for Liabilities	17	(59,938)	(69,261)
Net Assets excluding Pension Liability		370,199	348,741
Pension Liability	18	(582,300)	(114,300)
Net (Liabilities)/Assets including Pension Liability		(212,101)	234,441
Capital and Reserves			
Called up share capital	19	68,239	68,239
Capital conversion reserve fund	19	877	877
Profit and loss account	20	(281,217)	165,325
Shareholders' (Deficit)/Funds	21	(212,101)	234,441

On behalf of the Board
John Fitzgerald Chairman
Donal Connell Director

Consolidated Cash Flow Statement for the year ended 31 December, 2008

	Notes	2008 €'000	2007 €'000
Net cash inflow from operating activities	22	44,442	84,447
Returns on investments and servicing of finance	22	-	(5)
Taxation	22	(6,845)	(8,852)
Capital expenditure and financial investment	22	(40,341)	(9,556)
Acquisitions and disposals	22	-	5,470
Cash (outflow)/inflow before use of liquid resources		(2,744)	71,504
Management of liquid resources	22	9,897	(117,709)
Increase/(decrease) in cash in the year		7,153	(46,205)

Reconciliation of net cash flow to movement in net funds

	Notes	2008 €'000	2007 €'000
Increase/(decrease) in cash in the year	23	7,153	(46,205)
Cash flows from change in liquid resources	23	(9,897)	117,709
Change in net funds resulting from cash flows	23	(2,744)	71,504
Cash in subsidiaries sold	23	-	(13,346)
Net funds at beginning of year	23	353,207	295,049
Net funds at end of year	23	350,463	353,207

1. Status Of Company

The Company is a limited liability company, incorporated under the Companies Acts, 1963 to 2006. Under the Postal and Telecommunications Services Act, 1983, the Company is entitled to omit the word 'Limited' from its name.

2. Turnover

	2008 €'000	2007 €'000
The analysis of turnover is as follows:		
Republic of Ireland		
Postage: Letters and parcels	624,820	631,578
Postage: Elections and referendum	4,708	14,686
Post offices: Agency, remittance and related services	156,407	154,321
Other services	18,547	29,042
Interest income	21,622	18,192
	826,104	847,819
United Kingdom and Other European Countries		
Other services	23,939	28,164
	850,043	875,983

Turnover above excludes the Group's share of Joint Venture's turnover of €14,126,000 (2007: €8,390,000). In the opinion of the directors, fuller compliance with the disclosure requirements of SSAP 25 'Segmental Reporting' would be seriously prejudicial to the Group's interests.

3. Operating Costs

	2008 €'000	2007 €'000
Staff and postmasters' costs	599,010	600,913
Other costs:		
Distribution	66,521	69,655
Accommodation	26,561	42,035
Operational	62,644	72,966
Administration	44,681	41,247
Depreciation and amortisation of goodwill	19,391	20,041
	818,808	846,857

4. Exceptional Items

	2008 €'000	2007 €'000
Profit on sale of subsidiaries	-	248
Profit on sale of land and buildings	-	1,268
Profit on sale of assets	-	1,516

5. Profit on ordinary activities before taxation

	2008 €'000	2007 €'000
The profit on ordinary activities before taxation is stated after charging:		
Directors' emoluments		
Fees	287	290
Other emoluments	400	435
Pension contributions	75	70
Auditors' remuneration - audit	270	270
Depreciation	18,573	18,757
Amortisation of goodwill	818	1,284
Operating lease rentals:		
Rental of buildings	6,707	6,381
Other - equipment and motor vehicles	11,674	8,209
Interest payable on bank facilities repayable within one year and similar charges	-	5
and after crediting:		
Capital grants amortised	102	102
Profit on sale of fixed assets	310	1,466

The amounts shown above as directors emoluments include only the amounts paid to the directors in the execution of their duties as directors and the salary of the Chief Executive who is also a director. Other than this, they do not include the salaries of the employee and postmaster directors.

In accordance with the Government Guidelines on Remuneration and Other Conditions of Chief Executives, the Company operates a performance related pay scheme for the Chief Executive which provides for a maximum possible annual award of 35% of basic pay. Under this scheme, up to 25% is applied to annual objectives (the 25% short term scheme) and up to 10% is applied to multi-annual (three year) objectives (the 10% long term scheme). The Chief Executive has voluntarily waived his entitlement under the 25% short term scheme in the current year. Amounts earned under the 10% long term scheme are not finalised and do not become payable until the end of the three year term. However, it is estimated that an amount of €66,000 has been earned by the Chief Executive under the 10% long term scheme since the date of his appointment, 14 August, 2006, up to 31 December, 2008.

The remuneration package of Mr Donal Connell, Chief Executive Officer, which is included in the amounts shown above as directors' emoluments, was as follows:

	2008 €'000	2007 €'000
Basic pay	379	353
Non-pensionable performance related pay	-	61
Total pay	379	414
Taxable benefits, including use of a company car	21	21
Director's fee	18	18
Pension contributions	75	70
	493	523

6. Tax on Profit on Ordinary Activities

	2008 €'000	2007 €'000
Current tax		
Ireland – Capital gains tax	31	248
Ireland – Corporation tax	5,925	5,230
Ireland – adjustment with respect of prior years	(69)	(269)
UK – Corporation tax	788	873
Share of joint venture tax	-	-
	6,675	6,082

The current tax charge is lower than the standard rate of corporation tax in Ireland.

The differences are explained below:

	2008 €'000	2007 €'000
Profit on ordinary activities before tax	39,890	49,417
Current tax of 12.5% (2007: 12.5%)	4,986	6,177
Effects of:		
Expenses not deductible	1,068	326
Depreciation in excess of capital allowances	988	1,618
Share of joint venture losses not deductible	1,211	1,559
Income taxed at higher rates	3,214	3,135
Utilisation of tax losses	(1,750)	(3,854)
Short term timing differences	(2,973)	(2,221)
Other	-	(362)
Prior year overprovision	(69)	(296)
Current tax charge	6,675	6,082

Given the uncertainty over the existence of future taxable profits, a potential deferred tax asset of €76,372,500 (2007: €19,004,000) has not been recognised in the consolidated balance sheet at 31 December, 2008. This deferred tax asset not recognised comprises a deferred tax asset in relation to the net pension deficit recognised of €72,937,500 (2007: €14,287,000), timing differences on business restructuring, €2,381,000 (2007: €2,381,000), tax losses forward not utilised, €5,529,000 (2007: €7,279,000), offset by other timing differences of €4,475,000 (2007: €4,943,000).

7. Profit for the financial Year

	2008 €'000	2007 €'000
Profit after tax in the holding company	40,023	46,367
Profit after tax in subsidiary undertakings	2,877	9,443
Share of result of joint venture	(9,685)	(12,475)
	33,215	43,335

A separate profit and loss account for An Post has not been prepared because the conditions laid down in Section 148(8) of the Companies Act, 1963 have been satisfied.

8. Staff Numbers and Costs

	2008	2007
The average Full Time Equivalent (FTE) number of employees working in the Group during the year was:		
Operations (mails and retail)	9,960	10,027
Corporate	711	700
Subsidiaries	299	327
Total employees (FTE)	10,970	11,054
The average number of employees working in the Group during the year was:		
Operations (mails and retail)	8,961	8,888
Corporate	717	691
Subsidiaries	310	326
Total employees	9,988	9,905
Postmasters: Engaged as agents	1,185	1,256

	2008 €'000	2007 €'000
The aggregate payroll costs were as follows:		
Wages, salaries and postmasters' costs	511,679	500,743
Social welfare costs	35,314	34,384
Other pension costs (note 18)	52,017	65,786
	599,010	600,913

9. Intangible Fixed Assets - Goodwill

	€'000
Group	
Cost	
At 31 December, 2007 and 2008	13,628
Amortisation	
At 31 December, 2007	9,946
Charge for year	818
At 31 December, 2008	10,764
Net Book Value	
At 31 December, 2008	2,864
At 31 December, 2007	3,682

The directors have considered the carrying value of goodwill at 31 December, 2008 and have concluded that no impairment arises.

10. Tangible fixed assets

	Freehold & long leasehold land & buildings €'000	Interest in GPO €'000	Motor vehicles €'000	Computer & other equipment €'000	Total €'000
Group					
Cost					
At 31 December, 2007	170,950	26,429	25,880	222,862	446,121
Additions	14,737	-	5,974	18,220	38,931
Disposals	(58)	-	(3,876)	(718)	(4,652)
Exchange differences	-	-	-	(260)	(260)
At 31 December, 2008	185,629	26,429	27,978	240,104	480,140
Accumulated Depreciation					
At 31 December, 2007	38,916	9,499	24,551	195,535	268,501
Charged during year	4,212	651	936	12,774	18,573
Eliminated on disposals	(21)	-	(3,800)	(709)	(4,530)
Exchange differences	-	-	-	(165)	(165)
At 31 December, 2008	43,107	10,150	21,687	207,435	282,379
Net Book Value					
At 31 December, 2008	142,522	16,279	6,291	32,669	197,761
At 31 December, 2007	132,034	16,930	1,329	27,327	177,620
Company					
Cost					
At 31 December, 2007	151,264	26,429	25,816	217,009	420,518
Additions	36,786	-	5,974	17,339	60,099
Disposals	(58)	-	(3,875)	(491)	(4,424)
At 31 December, 2008	187,992	26,429	27,915	233,857	476,193
Accumulated Depreciation					
At 31 December, 2007	33,396	9,499	24,532	190,941	258,368
Charged during year	4,239	651	929	12,171	17,990
Eliminated on disposals	(21)	-	(3,800)	(491)	(4,312)
At 31 December, 2008	37,614	10,150	21,661	202,621	272,046
Net Book Value					
At 31 December, 2008	150,378	16,279	6,254	31,236	204,147
At 31 December, 2007	117,868	16,930	1,284	26,068	162,150

Group and Company

The depreciable element of freehold & long leasehold land & buildings (namely buildings) amounts to: Group €154,971,000 (2007: €146,186,000), Company €161,921,000 (2007: €129,854,000).

11. Financial Fixed Assets

	Group 2008 €	Group 2007 €	Company 2008 €	Company 2007 €
Shares in subsidiary undertakings, at cost	102	102	10,650,643	10,650,643
Interest in joint venture and associated undertakings	10,840,163	25,380,220	33,109,871	19,108,628
	10,840,265	25,380,322	43,760,514	29,759,271

The movements during the year were as follows :

	Group 2008 €	Group 2007 €	Company 2008 €	Company 2007 €
Shares in subsidiary undertakings				
At beginning of year	102	102	10,650,643	11,430,777
Additions	-	-	-	8,534,837
Disposals	-	-	-	(9,314,971)
At end of year	102	102	10,650,643	10,650,643
Interest in joint venture and associated undertakings				
At beginning of year	25,380,220	163	19,108,628	163
Additions	-	33,000,000	18,856,300	14,253,408
Costs capitalised in relation to acquisitions	-	4,855,057	-	4,855,057
Capitalised costs expensed	(4,855,057)	-	(4,855,057)	-
Share of result of joint venture	(9,685,000)	(12,475,000)	-	-
At end of year	10,840,163	25,380,220	33,109,871	19,108,628

On 16 April, 2007, the Group established a joint venture company, Postbank Ireland Limited, with Fortis to provide banking services to the Irish market. Under the terms of the joint venture agreement, An Post contributed its Postpoint and An Post Direct Limited businesses which had a carrying value of €10,000,000. Fortis contributed €56,000,000 in cash. An Post also incurred costs of €4,855,057 in establishing the joint venture which have been expensed in 2008. The assets transferred consisted of:

	€'000
Fixed Assets	1,416
Debtors	4,904
Creditors	(9,457)
Cash at bank	13,137
Net assets	10,000

In 2007, the Group recognised a gain of €23,000,000 in the Statement of Recognised Gains and Losses on the transfer of the businesses to the joint venture as follows:

	€'000
Share of Joint Venture assets received on set up	33,000
Carrying value of assets transferred	(10,000)
Gain recognised	23,000

11. Financial Fixed Assets (continued)

Additional disclosures in respect of Postbank Ireland Limited, which exceed certain thresholds under Financial Reporting Standard 9 Associates and Joint Ventures, are as follows:

	2008 €'000	2007 €'000
Fixed Assets	8,629	6,493
Current assets	183,328	65,667
Share of gross assets (excluding goodwill)	191,957	72,160
Liabilities due within one year	(181,117)	(51,635)
Share of gross liabilities	(181,117)	(51,635)
Share of net assets (excluding goodwill)	10,840	20,525
Costs capitalised	-	4,855
Investment in joint venture	10,840	25,380

Goodwill was created in Postbank Ireland Limited upon receipt of the businesses and assets transferred to it from An Post in 2007. In accordance with accounting principles, An Post has not recognised its share of the goodwill and intangible assets created in Postbank Ireland Limited. This amounts to €20,000,000 at 31 December, 2008 (2007: €23,000,000). The directors have considered the carrying value of financial fixed assets at 31 December, 2008 and have concluded that no impairment arises.

In the opinion of the directors, the value of the financial fixed assets, none of which are listed, is not less than their carrying amount.

12. Debtors

	Group 2008 €	Group 2007 €	Company 2008 €	Company 2007 €
Amounts falling due within one year				
Trade debtors	41,926	48,101	36,543	41,949
Amounts owed by subsidiary undertaking not consolidated (note 27)	979	1,167	785	1,167
Amounts owed by other subsidiary undertakings	-	-	588	1,753
Amounts owed by associated undertaking (note 27)	895	370	895	370
Amounts owed by joint venture (note 27)	403	2,496	-	2,220
Other debtors	304	705	295	695
Prepayments and accrued income	6,220	3,437	5,391	2,563
	50,727	56,276	44,497	50,717
Amounts falling due after more than one year				
Amounts owed by subsidiary undertakings	-	-	5,465	14,752
	50,727	56,276	49,962	65,469

13. Cash at Bank and In Hand

	Group 2008 €'000	Group 2007 €'000	Company 2008 €'000	Company 2007 €'000
Cash at bank	14,157	52,983	5,727	35,060
Cash in hand	254,753	222,660	254,753	222,660
	268,910	275,643	260,480	257,720
Term deposits	392,139	402,036	392,139	402,036
Less: Amounts held in trust	(310,586)	(324,472)	(310,586)	(324,472)
	350,463	353,207	342,033	335,284

14. Creditors: Amounts falling due within one year

	Group 2008 €'000	Group 2007 €'000	Company 2008 €'000	Company 2007 €'000
Trade creditors	18,853	18,367	15,418	14,625
Amounts owed to subsidiary undertakings	-	-	48,138	7,123
Amounts owed to joint venture (note 27)	1,754	-	1,754	-
Other creditors	4,045	6,477	3,402	5,788
Taxation and social welfare (note 15)	15,208	12,965	14,202	11,327
Accruals	105,130	113,826	102,883	110,695
Deferred income - capital grants (note 16)	102	102	102	73
Deferred postage income	20,100	22,190	20,100	22,190
	165,192	173,927	205,999	171,821

15. Taxation and Social Welfare

	Group 2008 €'000	Group 2007 €'000	Company 2008 €'000	Company 2007 €'000
Corporation tax	1,160	1,330	508	417
Income tax deducted under PAYE	7,353	5,676	7,210	6,800
Pay related social insurance	5,205	4,241	5,146	2,914
Value added tax	780	1,208	554	692
Professional services withholding tax	710	510	784	504
	15,208	12,965	14,202	11,327

16. Creditors: Amounts falling due after more than one year

	Group 2008 €'000	Group 2007 €'000	Company 2008 €'000	Company 2007 €'000
Deferred income - capital grants	3,767	3,869	3,767	2,839
The movements on grants were as follows:				
At beginning of year	3,971	4,073	2,912	2,985
Transferred from subsidiary	-	-	1,048	-
Amortised to profit and loss account	(102)	(102)	(91)	(73)
At end of year	3,869	3,971	3,869	2,912
Transferred to creditors: amounts falling due within one year	(102)	(102)	(102)	(73)
	3,767	3,869	3,767	2,839

17. Provisions for Liabilities

	2008 €'000	2007 €'000
Group and Company		
Business restructuring	59,938	69,261
The movements during the year were as follows:		
At beginning of year	69,261	78,702
Utilised during the year	(9,323)	(9,441)
At end of year	59,938	69,261

The provision for business restructuring at 31 December, 2008 includes €40,892,000 (2007: €50,215,000) in relation to business restructuring redundancy costs, and €19,046,000 (2007: €19,046,000) in relation to the introduction of an Employee Share Ownership Plan (ESOP). Business restructuring is now anticipated to be completed by 31 December, 2010.

18. Pensions and Similar Obligations

The pension entitlements of employees arise under a number of defined benefit and defined contribution pension schemes, the assets of which are vested in independent trustees appointed by the Company for the sole benefit of employees and their dependents. Annual contributions are based on the advice of a professionally qualified actuary.

The amounts charged during the year to operating costs were as follows:

	2008 €'000	2007 €'000
Defined benefit schemes – current service cost	50,400	63,976
Exgratia schemes – current service cost	1,000	1,150
Defined contribution scheme	617	660
Recognised in the profit and loss account	52,017	65,786

Past service costs of €3,638,000 (2007: €2,109,000) arose during the year. These were discharged through the utilisation of the restructuring provision (note 17) and had no impact on the profit and loss account for the year ended 31 December, 2008 or 2007. Contributions payable to pension schemes and included in creditors at 31 December, 2008 amounted to €43,000 (2007: €38,000)

The pension costs of the defined benefit schemes are assessed in accordance with the advice of an independent professionally qualified actuary. The most recent actuarial valuations were carried out at 1 January, 2008 using the attained age method and are sufficient to cover 100% of the accrued liabilities. The principal actuarial assumption was that, over the long term, the annual rate of return on investments would be 2.0% higher than the annual increase in pensionable remuneration. The actuarial valuation of 1 January, 2008 recommended a contribution rate of 14.4% of pensionable remuneration. The actuarial valuations are not available for public inspection but the results of the valuations have been advised to the members of the schemes.

The valuations of the pension schemes used for the purpose of FRS 17 disclosures have been based on the most recent actuarial valuations as identified above and updated by the independent actuaries to 31 December, 2008. Scheme assets are stated at their market value at the balance sheet date.

The financial assumptions used to calculate the retirement benefit liabilities under FRS 17 were as follows:

Valuation method	2008 Projected Unit	2007 Projected Unit	2006 Projected Unit
Discount rate	5.75%	5.50%	4.70%
Inflation rate	2.00%	2.00%	2.00%
Increase to pensions in payment	3.25%	3.75%	3.75%
Pensionable salary increases	3.25%	3.75%	3.75%

The long term expected rates of return on the assets of the pension scheme were:	2008	2007	2006
Equities	9.00%	7.75%	7.60%
Bonds	3.80%	4.50%	4.20%
Other	6.85%	5.15%	5.10%

18. Pensions and Similar Obligations (continued)

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Life expectancy at 65	Male	Female
Current Pensioners – aged 65	84.0	87.0
Future Pensioners – aged 40	85.5	88.5

The market value of the assets of the defined benefit schemes at 31 December, 2008, 2007 and 2006 were:

	2008 €'000	2007 €'000	2006 €'000
Equities	723,800	1,362,000	1,477,000
Bonds	612,400	529,000	510,000
Other	111,500	200,000	166,000
Fair value of pension schemes' assets	1,447,700	2,091,000	2,153,000
Present value of funded defined benefit obligations	(2,017,900)	(2,193,100)	(2,333,000)
Present value of unfunded defined benefit obligations	(12,100)	(12,200)	(13,226)
Present value of defined benefit obligations	(2,030,000)	(2,205,300)	(2,346,226)
Pension liability	(582,300)	(114,300)	(193,226)

Movement in fair value of pension schemes' assets		
Fair value of pension schemes' assets at beginning of year	2,091,000	2,153,000
Expected return on plan assets	139,200	141,500
Actuarial loss	(768,161)	(188,294)
Employer contributions	55,263	51,770
Members contributions	3,900	3,600
Benefits paid	(73,502)	(70,576)
Fair value of pension schemes' assets at end of year	1,447,700	2,091,000

Movement in present value of defined benefit obligations		
Defined benefit obligations at beginning of year	(2,205,300)	(2,346,226)
Current service cost	(51,400)	(65,126)
Past service cost	(3,638)	(2,109)
Interest cost	(120,860)	(110,250)
Members contributions	(3,900)	(3,600)
Benefits paid	73,502	70,576
Actuarial gain	281,596	251,435
Deficit benefit obligations at end of year	(2,030,000)	(2,205,300)

18. Pensions and Similar Obligations (continued)

Other Finance Income

	2008 €'000	2007 €'000
Interest on schemes' liabilities	(120,860)	(110,250)
Expected return on schemes' assets	139,200	141,500
	18,340	31,250

Amounts recognised in statement of total recognised gains and losses

The actuarial gains and losses are analysed as follows:

	2008 €'000	2007 €'000
Difference between expected and actual return on assets	(768,161)	(188,294)
Experience gains and losses on schemes' liabilities	(8,400)	-
Changes in assumptions underlying the present value of schemes' liabilities	289,996	251,435
Actuarial (loss)/gain recognised	(486,565)	63,141

The actual return on the schemes' assets in 2008 was a loss of €629m (2007:€46m). The cumulative actuarial gains and losses recognised in the statement of total recognised gains and losses at 31 December, 2008 is a loss of €417m.

Employer contributions in 2009 are expected to be €53m.

History of actuarial gains and losses

	2008 €'000	2007 €'000	2006 €'000	2005 €'000	2004 €'000
Difference between expected and actual return on assets	(768,161)	(188,294)	66,000	257,000	85,000
Expressed as a percentage of schemes' assets	(53%)	(9%)	3%	13%	5%
Experience gains and losses on schemes' liabilities	(8,400)	-	(43,000)	(2,000)	(65,000)
Expressed as a percentage of schemes' liabilities	-	-	(2%)	-	(3%)
Total actual gains and losses	(486,565)	63,141	118,179	(1,786)	(110,000)
Expressed as a percentage of schemes' liabilities	(24%)	3%	5%	-	(6%)

19. Share Capital

Group and Company

	2008 €'000	2007 €'000
Authorised:		
80,000,000 Ordinary Shares of €1.25 each	100,000	100,000
Allotted, called up and fully paid:		
54,590,946 Ordinary Shares of €1.25 each	68,239	68,239

On 14 January, 2003, pursuant to Section 26 of the Economic and Monetary Union Act, 1998, the Company's shares were renomalised from €1.269738 to €1.25 per share and an amount of €877,000 was transferred to a capital conversion reserve fund.

20. Profit And Loss Account

	Group 2008 €'000	Group 2007 €'000	Company 2008 €'000	Company 2007 €'000
At beginning of year	185,692	56,216	165,325	(22,513)
Profit for the financial year	33,215	43,335	40,023	46,367
Dividends/distributions	-	-	-	64,502
Other recognised (losses)/gains	(486,565)	86,141	(486,565)	76,969
At end of year	(267,658)	185,692	(281,217)	165,325

21. Reconciliation of Shareholders' (Deficit)/Funds

	Group 2008 €'000	Group 2007 €'000	Company 2008 €'000	Company 2007 €'000
At beginning of year	254,808	125,332	234,441	46,603
Profit for the financial year	33,215	43,335	40,023	46,367
Dividends/distributions	-	-	-	64,502
Other recognised (losses)/gains	(486,565)	86,141	(486,565)	76,969
At end of year	(198,542)	254,808	(212,101)	234,441

22. Gross Cash Flows

	2008 €'000	2007 €'000
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	31,235	29,126
Depreciation, amortisation and impairment of financial asset	24,246	20,041
Profit on sale of tangible fixed assets	(310)	(198)
Payments in relation to provision for business restructuring	(9,323)	(9,441)
Non cash pension cost	(225)	15,465
Capital grants amortised	(102)	(102)
Interest payable	-	5
Decrease in operating debtors	5,549	18,688
(Decrease)/increase in operating creditors	(6,628)	10,863
Net cash inflow from operating activities	44,442	84,447
Returns on investments and servicing of finance		
Interest paid	-	(5)
Taxation		
Tax paid	(6,845)	(8,852)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(40,773)	(11,081)
Disposal of tangible fixed assets	432	1,525
	(40,341)	(9,556)
Acquisitions and disposals		
Disposal of subsidiary undertakings	-	5,775
Financial services joint venture set up costs capitalised	-	(305)
	-	5,470
Management of liquid resources (note a)		
Decrease/(increase) in term deposits	9,897	(117,709)

Note a: Liquid resources comprise term deposits with a maturity notice period of more than one day.

23. Analysis of Net Funds

	At beginning of year €'000	Cash flows €'000	At end of year €'000
Cash at bank and in hand	275,643	(6,733)	268,910
Amounts held in trust	(324,472)	13,886	(310,586)
		7,153	
Term deposits	402,036	(9,897)	392,139
Total	353,207	(2,744)	350,463

24. Subsidiary and associated undertakings

Name	Nature of Business	% Holding	Registered Office
Subsidiary undertakings held directly by the Company			
An Post National Lottery Company (note 27)	Operation of the National Lottery	80%	General Post Office O'Connell Street Dublin 1
Arcade Property Company Limited	Property development and letting	100%	General Post Office O'Connell Street Dublin 1
Post Consult International Limited	Computer software services	100%	General Post Office O'Connell Street Dublin 1
Precision Marketing Information Limited	Provision of marketing data, database services and business directories	100%	General Post Office O'Connell Street Dublin 1
Prince's Street Property Company Limited	Property development and letting	100%	General Post Office O'Connell Street Dublin 1
Printpost Limited	High volume printing	100%	General Post Office O'Connell Street Dublin 1
Post.Trust Limited	Digital certification and security services	100%	General Post Office O'Connell Street Dublin 1
Transpost Limited	Courier and distribution	100%	General Post Office O'Connell Street Dublin 1
Kompass Ireland Publishers Limited	Dormant	100%	General Post Office O'Connell Street Dublin 1
An Post Billpost Processing Services Limited	Bill payment processing	100%	General Post Office O'Connell Street Dublin 1
An Post GeoDirectory Limited	Database services	100%	General Post Office O'Connell Street Dublin 1
An Post (NI) Limited	Holding company	100%	Stokes House College Square East Belfast

24. Subsidiary and associated undertakings (continued)

Name	Nature of Business	% Holding	Registered Office
Subsidiary undertakings held indirectly through a subsidiary undertaking			
Air Business Limited	Distribution	100%	4 The Merlin Centre Acrewood Way St. Albans Herts U.K.
Associated undertaking held directly by the Company			
The Prize Bond Company Limited	Administration of the Prize Bond Scheme	50%	General Post Office O'Connell Street Dublin 1
Joint Venture			
Postbank Ireland Limited	Banking	50%	Block One West Pier Business Campus Dun Laoghaire Co Dublin

Air Business Limited is incorporated in and operates in England & Wales. An Post (NI) Limited is incorporated in and operates in Northern Ireland.

All other undertakings are incorporated in and operate in the Republic of Ireland. All shareholdings consist of ordinary share capital.

An Post National Lottery Company carries on the business of operating the National Lottery under licence from the Minister for Finance in accordance with the provisions of the National Lottery Act, 1986. 20% of the issued share capital is held by the Minister for Finance.

The Prize Bond Company Limited carries on the business of administering the Prize Bond Scheme under contract from the National Treasury Management Agency.

The following subsidiaries will avail of the filing exemption available under Section 17 of the Companies (Amendment) Act, 1986, whereby they will annex the financial statements of An Post to their annual returns: Post Consult International Limited; Printpost Limited; Post.Trust Limited; Transpost Limited; Precision Marketing Information Limited; Arcade Property Company Limited; Prince's Street Property Company Limited; An Post Billpost Processing Services Limited; An Post GeoDirectory Limited and Kompass Ireland Publishers Limited.

25. Lease Commitments

	2008 Land & Buildings €'000	2008 Other €'000	2008 Total €'000	2007 Land & Buildings €'000	2007 Other €'000	2007 Total €'000
Annual commitments under non-cancellable operating leases were as follows:						
Group						
Expiring within one year	903	1,542	2,445	796	388	1,184
Expiring after one year and before five years	1,110	9,801	10,911	829	10,196	11,025
Expiring after five years	5,874	-	5,874	4,724	128	4,852
	7,887	11,343	19,230	6,349	10,712	17,061
Company						
Expiring within one year	630	1,412	2,042	670	380	1,050
Expiring after one year and before five years	772	9,705	10,477	269	9,880	10,149
Expiring after five years	5,305	-	5,305	5,300	128	5,428
	6,707	11,117	17,824	6,239	10,388	16,627

Other lease commitments relate to equipment and motor vehicles. Lease commitments of the Company include commitments to subsidiary undertakings. There were no material finance lease commitments either at 31 December, 2008 or 2007 or which were due to commence after that date.

26. Capital Commitments

Future capital expenditure approved by the directors but not provided for in the financial statements was as follows:

	Group 2008 €'000	Group 2007 €'000	Company 2008 €'000	Company 2007 €'000
Contracted for	25,122	5,074	25,122	5,074
Authorised but not contracted for	14,416	13,347	14,416	13,347
	39,538	18,421	39,538	18,421

27. Related Party Disclosures And Controlling Party

Controlling party

The Group was controlled throughout the year by the Minister for Communications, Energy and Natural Resources who holds the entire issued share capital of An Post except for one ordinary share which is held by the Minister for Finance.

Transactions with related undertakings

An Post National Lottery Company

The Group provides An Post National Lottery Company, an undertaking not consolidated, with management and delivery services. Such services are carried out on an arm's length basis or, where required, in accordance with the terms of the licence granted by the Minister for Finance to operate the National Lottery. The Company also provides agency services to An Post National Lottery Company whereby the Company makes sales and pays prizes on behalf of An Post National Lottery Company in accordance with the standard terms and conditions and remuneration structure common to all of An Post National Lottery Company's agents. Group turnover for the year includes €6,128,000 (2007: €5,586,000) in respect of services provided to An Post National Lottery Company. These amounts are inclusive of a management fee of €2,993,000 (2007: €2,993,000) payable to the Company in accordance with the terms of the licence to operate the National Lottery.

The costs of staff working in An Post National Lottery Company are recharged from An Post at cost and amounted to €7,442,000 for the year ended 31 December, 2008 (2007: €6,513,000).

The amount owed by An Post National Lottery Company to the Company was €979,000 at 31 December, 2008 (2007: €1,167,000).

An Post has agreed to guarantee the performance by An Post National Lottery Company of its obligations under the licence for the holding of the National Lottery granted by the Minister for Finance. An Post has provided the guarantee, the maximum liability of which amounts to €10 million, for the duration of the licence to 31 December, 2011.

The Prize Bond Company Limited

Under the terms of a contract with The Prize Bond Company Limited, the Company carries out certain aspects of the administration of the Prize Bond Scheme. Fees earned by the Company in respect of such services amounted to €3,104,000 for the year ended 31 December, 2008 (2007: €1,761,000). The amount owed by The Prize Bond Company Limited to the Company was €895,000 at 31 December, 2008 (2007: €370,000).

Postbank Ireland Limited

The Company provides Postbank Ireland Limited (Postbank), with delivery services and agency services whereby the Company makes sales and accepts deposits and withdrawals on behalf of Postbank. At 31 December, 2008, the amount owed to Postbank in relation to these services was €4,117,000 (2007: €1,028,000). The Company also earns commissions from Postbank on the sale of mobile phone top ups. Other group companies supply Postbank with computer related services. Such services are carried out on an arm's length basis. Group turnover for the year includes €7,131,000 (2007: €3,175,000) in respect of services provided to Postbank and commissions earned. The Company has also seconded certain staff to Postbank and the related costs which amounted to €1,865,000 (2007: €1,472,000) are recharged to Postbank. Postbank also provides certain management services to the Company, the value of which amounted to €507,000 (2007: €391,000). The amounts owed by and to Postbank at 31 December, 2008 and 2007 were as follows:

	Group 2008 €'000	Group 2007 €'000	Company 2008 €'000	Company 2007 €'000
Owed to Postbank	1,754	-	1,754	-
Owed by Postbank	403	2,496	-	2,220

Transactions with Government departments and other State bodies

The Group provides, in the ordinary course of business, postage, agency, remittance and courier services to various Government departments and other State bodies.

28. Contingencies

Group and Company

There were no contingent liabilities or guarantees at 31 December, 2008 or 2007 in respect of which material losses are expected other than as disclosed elsewhere in the financial statements.

29. Board Approval

The financial statements were approved by the Board of Directors on 19 March, 2009.

Consolidated Profit and Loss Account

	2008* €'000	2007* €'000	2006 €'000	2005 €'000	2004** €'000
Turnover	850,043	875,983	818,827	752,887	750,193
Operating costs	(818,808)	(846,857)	(804,162)	(736,690)	(748,422)
Operating profit	31,235	29,126	14,665	16,197	1,771
Retrospective pay award***	-	-	(20,040)	-	-
Asset disposals	-	1,516	94,700	59,323	5,298
Business restructuring	-	-	(13,883)	(40,000)	-
Share of results of joint venture and associate	(9,685)	(12,475)	-	-	(50)
Other finance income	18,340	31,250	21,123	5,391	-
Profit before taxation	39,890	49,417	96,565	40,911	7,019
Consolidated Balance Sheet					
Fixed assets	211,465	206,682	196,197	216,275	248,079
Net current assets	235,998	235,556	205,034	115,903	18,357
Other liabilities	(63,705)	(73,130)	(82,673)	(92,920)	(91,113)
Net assets excluding pension liability	383,758	369,108	318,558	239,258	175,323
Pension liability	(582,300)	(114,300)	(193,226)	(307,770)	
Net (liabilities)/assets including pension liability	(198,542)	254,808	125,332	(68,512)	
Capital and reserves	(198,542)	254,808	125,332	(68,512)	175,323

Ratios

	2008	2007	2006	2005	2004
Operating profit above as % of turnover	3.67%	3.32%	1.79%	2.15%	0.24%
Operating profit above as % of average shareholders' funds before pension liability	8.30%	8.47%	5.26%	7.81%	1.03%
Staff and postmasters' costs as % of operating costs before exceptional item	73.16%	70.96%	69.40%	69.79%	67.13%
Current assets as % of current liabilities	242.86%	235.43%	214.25%	177.85%	111.97%

* Joint venture turnover excluded
** 2004 is as previously reported under SSAP 24 – Accounting for Pension Costs.
*** In 2006, for statutory accounts presentation purposes, the retrospective pay award was included in arriving at group operating profit. It has been extracted for the purposes of the schedule above as the pay award relates to 2003 and 2004.

	2008	2007	2006	2005	2004
Mail					
Letters core revenue index (2003 = 100) (note 1)	110.3	112.7	110.2	105.4	101.3

Note 1 :This index reflects changes in letters core revenue and excludes revenue from elections, referenda, flotations, foreign administrations in each year as well as the impact of changes to published tariffs.

	2008	2007	2006	2005	2004
System Size					
No. of delivery points (millions)	2.184	2.131	1.998	1.875	1.765
Post office network:					
Company post offices	61	74	84	88	90
Sub-post offices	1,187	1,212	1,277	1,321	1,365
Postal agencies	178	172	171	161	159
	1,426	1,458	1,532	1,570	1,614
No. of motor vehicles	2,941	2,967	2,991	2,905	2,908

	2008 €m	2007 €m	2006 €m	2005 €m	2004 €m
Savings Services (note 2)					
Value of funds at 31 December	6,701	5,617	5,863	5,668	5,311
Counters: Business Value					
Post Office Savings Services					
Savings bank deposits	1,306	814	850	811	812
Savings bank withdrawals	850	1,063	807	638	645
Savings certificates issued	749	467	469	400	417
Savings certificates repaid	660	750	1,052	725	881
Instalment savings issued	114	107	97	78	72
Instalment savings repaid	111	117	114	104	131
Savings bonds issued	813	574	673	475	505
Savings bonds repaid	589	704	626	362	329
Pensions, allowances and social welfare benefits					
Paid during year	8,265	7,610	7,083	6,622	6,408

	2008 000's	2007 000's	2006 000's	2005 000's	2004 000's
Billpay Volumes	24,490	24,786	25,510	24,777	23,329
TV Licence Sales	1,430	1,407	1,339	1,273	1,241

Note 2: The assets and liabilities of the Savings Services vest in the Minister for Finance and, accordingly, are not included in the financial statements of the Company.

Notes